

1 Thomas M. Jones (WSBA No. 13141)
2 Craig H. Bennion (WSBA No. 11646)
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4 1201 Third Avenue, Suite 5200
5 Seattle, WA 98101-3071
6 Telephone:(206) 340-1000

7
8 UNITED STATES BANKRUPTCY COURT
9
10 EASTERN DISTRICT OF WASHINGTON
11

12 In re

13 METROPOLITAN MORTGAGE &
14 SECURITIES CO., INC.,

15 Debtor.

Jointly Administered Under
Case No. 04-00757-W11

Chapter 11

16 In re

17 SUMMIT SECURITIES, INC.,

18 Debtor.

(Jointly Administered)

19 In re

20 METROPOLITAN INVESTMENT
21 SECURITIES, INC.,

22 Debtor.

Case No. 04-00756-W1B

Adversary Proceeding No. _____

23 NATIONAL UNION FIRE
24 INSURANCE COMPANY OF
25 PITTSBURGH, PA., a Pennsylvania
26 Corporation, and AMERICAN
27 INTERNATIONAL SPECIALTY
28 LINES INSURANCE COMPANY, a
Alaska Corporation,

Plaintiffs,

v.

29 METROPOLITAN MORTGAGE &
30 SECURITIES CO., INC., a Washington
31 Corporation;
32 SUMMIT SECURITIES, INC., an
33 Idaho Corporation;
34 METROPOLITAN INVESTMENT
35 SECURITIES, INC., a Washington

COMPLAINT BY NATIONAL UNION
FIRE INSURANCE COMPANY OF
PITTSBURGH, PA. & AMERICAN
INTERNATIONAL SPECIALTY
LINES INSURANCE COMPANY FOR
INTERPLEADER AND FOR
DECLARATORY RELIEF

36 COMPLAINT FOR INTERPLEADER
37 AND DECLARATORY RELIEF- 1 -
38 SEATTLE\466813\1 159010.000

LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3071

1 Corporation;
2 BRUCE BOYDEN, as Trustee for the
3 Chapter 7 estate of METROPOLITAN
4 INVESTMENT SECURITIES, INC.;
5 OLD STANDARD LIFE INSURANCE
6 COMPANY, an Idaho Corporation;
7 WESTERN UNITED LIFE
8 ASSURANCE COMPANY, a
9 Washington Corporation;
10 OLD WEST ANNUITY AND LIFE
11 INSURANCE COMPANY, an Arizona
12 Corporation;
13 METWEST MORTGAGE SERVICES,
14 INC., a Washington Corporation;
15 JAGUAR VENTURES, INC., an Idaho
16 Corporation;
17 C. PAUL SANDIFUR, JR., an
18 individual;
19 PHILIP SANDIFUR, an individual;
20 SHELLY SANDIFUR, an individual;
21 HELEN E. SANDIFUR, an individual;
22 WILLIAM A. SMITH, an individual;
23 REUEL C. SWANSON, an individual;
24 IRV MARCUS, an individual;
25 HAROLD W. ERFURTH, an
26 individual;
27 GARY BRAJCICH, an individual;
28 SAMUEL H. SMITH, an individual;
JOHN TRIMBLE, an individual;
WILLIAM D. SNIDER, an individual;
ROBERT A. NESS, an individual;
ELAINE HOSKIN, an individual;
BRUCE BLOHOWIAK, an individual;
STEVE CROOKS, an individual;
MIKE KIRK, an individual;
ERIK SKAGGS, an individual;
TOM TURNER, an individual;
GREGORY STRATE, an individual;
ROBERT K. POTTER, an individual;
JAMES V. HAWKINS, an individual;
CLAYTON RUDD, an individual;
RONALD PELLIGRINO, an
individual;
DIANA ABKEN, an individual;
DANIEL ADAMS, an individual;
SUZANNE T. ADAMS, an individual;
GORDON ADAMS, an individual;
ELIZABETH ADAMS ARMSTRONG,
an individual;
E. GLEN ADKINS, an individual;
ADVISORY ASSOCIATES RIA, an
unknown entity;
DALE V. AGUILAR, an individual;
JEFFREY C. ALBERS, an individual;

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 2 -

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LAW OFFICES OF
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A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3107

1 STEPHEN F. ALBERS, an individual;
KENT ALTHOFF, an individual;
2 WILFRID ALVAREZ, an individual;
H. DEAN ANDERSON, an individual;
3 PATTI L. ANDERSON, an individual;
ANTHONY R. ANDRE, an individual;
4 KAREN ARSENEAULT, an
individual;
5 B. TODD BAILEY, an individual;
RICK BAILEY, an individual;
6 CHARLES C. BAKER, JR., an
individual;
7 MICHAEL J. BARNES, an individual;
BRUCE BARNETT, an individual;
8 ROBERT BARNETT, an individual;
CORYNNE L. BEAUDRY, an
9 individual;
WILLIAM G. BECKERS, an
10 individual;
MICHAEL BEHRMAN, an individual;
11 JIM BELL, an individual;
ROBERT M. BIERMAN, an
12 individual;
KELLY D. BIRD, an individual;
13 GARY C. BLAZEK, an individual;
GERALD L. BLISS, an individual;
14 SYDNEY K. BLOCK, an individual;
BARTHOLOMEW J. BRADY-
15 CIAMPA, an individual;
MARGUERITE J. BRADY-CIAMPA,
16 an individual;
KENNETH L. BRENSDAL, an
17 individual;
CHARLES A. BROWN JR., an
18 individual;
MARTHA A. BROWN, an individual;
19 ROSS E. BRUNER, an individual;
MICHAEL V. BURKE, an individual;
20 TIMOTHY M. BURKE, an individual;
SCOTT R. BURKS, an individual;
21 AARON BURNS, an individual;
JAMES H. BURNS, an individual;
22 BRUCE BUSHMAN, an individual;
ANTHONY C. BYRD, an individual;
23 RICHARD D. BYRD, an individual;
DAVID C. CARLSON, an individual;
24 SHARI BARNES CARLSON, an
individual;
25 JOSEPH CARRANO, an individual;
LARRY D. CARRELL, an individual;
26 ALAN CARTER, an individual;
SAMUEL D. CASTORENA, an
27 individual;
WILLIAM "MARC" CHARLES, an
28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 3 -

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LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3107

1 individual;
TRUDIE CHRISTIANSEN, an
2 individual;
KEVIN D. CLEGG, an individual;
3 VERN M. CLEMENSON, an
individual;
4 NATHAN A. CLINE, an individual;
RANDY L. COMBEST, an individual;
5 KAREN M. CONNOLLY, an
individual;
6 SCOTT T. CORDELL, an individual;
DANE F. CORDSEN, an individual;
7 SUSAN B. CORDSEN, an individual;
THOMAS C. COULSON, an
8 individual;
HOLLY COWDELL, an individual;
9 KIM L. COWDELL, an individual;
MARK COWDELL, an individual;
10 MICHAEL LOUISE CULBERTSON,
an individual;
11 EDWARD S. DAVIS, an individual;
DAVID L. DEFFINBAUGH, an
12 individual;
JEFFREY S. DEMOTT, an individual;
13 MICHAEL DEMOTT, an individual;
ROBERT DEWITT, an individual;
14 ROBERT S. DEWITT, an individual;
SEAN M. DOONEY, an individual;
15 KIMBALL R. DOXEY, an individual;
ARNITA C. DUKES, an individual;
16 JANIE L. EASTER, an individual;
EDWARDS & ASSOCIATES
17 FINANCIAL SERVICES INC., an
Oregon Corporation;
18 ALLYN EDWARDS, an individual;
ALLYN W. EDWARDS, an individual;
19 DIANE MARIE EDWARDS, an
individual;
20 RICKEY L. EVERTS, an individual;
BRETT F. EWING, an individual;
21 GEORGE F. EWING, an individual;
MICK L. FARRELL, an individual;
22 JAMES J. FEIST, an individual;
DANIEL T. FENLEY, an individual;
23 CHARLES FISCHER, an individual;
TERRY L. FLEISCHMAN, an
24 individual;
JOANNE FLYNN, an individual;
25 MARY D. FOFT, an individual;
GEOFFREY A. FOX, an individual;
26 KIM FRIES, an individual;
DOUGLAS A. FRY, an individual;
27 ANGUS J. GEYER, an individual;
CRAIG GOODMAN, an individual;
28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 4 -

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LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3107

1 SETH E. GRANO, an individual;
STEVEN J. GRAVES, an individual;
2 DENNIS M. GREEN, an individual;
STEPHANIE D. GRIFFIN, an
3 individual;
ALAN CASEY GRIMM, an individual;
4 HAROLD HAKES, an individual;
LAWRENCE W. HALE, an individual;
5 JOHN E. HAMILTON, an individual;
DWIGHT L. HAMMACK, an
6 individual;
JAMES F. HANSEN, an individual;
7 DENTON W. HARDEE, SR., an
individual; STEVE HAUG, an
8 individual;
ROGER HEITHAUS, an individual;
9 ROBIN L. HELMS, an individual,
DAVID OWEN HESS, an individual;
10 COLLEEN R. HILL, an individual;
STEVEN H. HOLMES, an individual;
11 BARRY HOOPEES, an individual;
ROBERT J. HOOVER, an individual;
12 ANTHONY HORPEL, an individual;
LEE M. HOWE, an individual;
13 GARY T. HUNDEBY, an individual;
JUDITH HUNDEBY, an individual;
14 WILLIAM C. HUNT, an individual;
JAMES B. HUNTER, an individual;
15 IMIS, an unknown entity;
IMIS ADMIN, an unknown entity;
16 INSTITUTIONAL SALES GROUP, an
unknown entity;
17 EMILY G. IRISH, an individual;
IRVING & ASSOCIATES
18 INSURANCE SERVICES INC., a
California Corporation; JUSTIN T.
19 IRVING, an individual; BOB A.
JACKSON, an individual;
20 CRAIG JEWETT, an individual;
CLIFF JOHANNING, an individual;
21 EDWARD H. JOHN, an individual;
DONALD R. JOHNSON, an
22 individual;
RICHARD H. KINGSLEY, an
23 individual;
KEVIN KNAPP, an individual;
24 JAMES B. KONEK, an individual;
KOVACK SECURITIES INC., a
25 Florida Corporation;
SHAYNE D. KUEBLER, an individual;
26 CHRISTOPHER L. LANDA, an
individual;
27 WILLIAM B. LANEY JR., an
individual;
28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 5 -

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LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3107

1 PETER J. LANEY, an individual;
THOMAS L. LARSON, an individual;
2 WILLIAM R. LATIMER III, an
individual; MICHAEL D. LAWS, an
3 individual;
JAMES W. LEE JR., an individual;
4 JOSEPH LEE, an individual;
G. TAD LINDSEY, an individual;
5 LLC ELITE INVESTMENTS, an
unknown entity;
6 SHANNON T. LOUGHERY, an
individual;
7 LORRAINE M. LUCAS, an individual;
VALERIE MACIVER, an individual;
8 JEANETTE L. MACK, an individual;
EDWARD V. MANGIS, an individual;
9 JEFFREY B. MARASSO, an
individual;
10 JEANETTE MARTIN, an individual;
LORI MASTERSON, an individual;
11 GAIL K. MATSUSHIMA, an
individual;
12 RONALD H. MAYFIELD, an
individual;
13 PAMELA S. MCCLENNY, an
individual;
14 JEFF D. MCELROY, an individual;
JERRY K. MCFARLANE, an
15 individual;
ALVIN MCGILL, an individual;
16 SHAWNA M. MCKINNEY, an
individual;
17 MICHAEL H. MCMILLEN, an
individual;
18 WHITNEY L. MCQUEEN, an
individual; TED R. METOYER, an
19 individual; MILLER & LAWS
ASSOCIATES LLC, a Washington
20 Limited Liability Company;
LAMAR MILLER, an individual;
21 ANNETTE O. MILLER, an individual;
MURIEL F. MILLER, an individual;
22 NATHAN M. MINZGHOR, an
individual;
23 RYAN R. MOFFATT, an individual;
MICHAEL MORRIS, an individual;
24 TYLER J. NAGEL, an individual;
RICHARD NAIL, an individual;
25 WILLIAM G. NIXON, an individual;
CHARLES F. NOEL, an individual;
26 MAURICE NOLLETTE, an individual;
JAMES F. O'CONNELL, an
27 individual;
KRISTINE O'CONNELL, an
28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 6 -

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LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3107

1 individual; O'HARA INVESTMENT
2 SERVICES, P.C., a Montana
3 Corporation;
4 DAVID A. O'HARA, an individual;
5 DWIGHT O'HARA, an individual;
6 TONI-JEAN M. O'HARA, an
7 individual; ALFRED OLSEN, an
8 individual; DIANA M. ORTIZ, an
9 individual; OXFORD FINANCIAL
10 GROUP INC., a Utah Corporation;
11 PJM & ASSOCIATES INC., an Oregon
12 Corporation; PATRICIA J. SEARS-
13 MILLION, an individual; WILLIAM E.
14 SEARS, an individual; PACIFIC
15 WEST SECURITIES INC., a
16 Washington Corporation; LAURIE L.
17 PAGE, an individual;
18 THOMAS O. PARK, an individual;
19 BRUCE J. PATRAS, an individual;
20 JOHN M. PEARSON, an individual;
21 MICHELE P. PEDERSON, an
22 individual; RONALD N.
23 PELLEGRINO, an individual;
24 PATRICK G. PETERSON, an
25 individual; RYAN S. PETERSON, an
26 individual; CHARLES J. PHELAN, an
27 individual; DAVID PIDCOCK, an
28 individual; TONY PIZELO, an
individual;
AARON V. PORTER, an individual;
K. BYRON PORTER, an individual;
PAUL D. PRATT, an individual;
BRENT PRICE, an individual;
PROACTIVE FINANCIAL, an
unknown entity;
MICHAEL L. PROFFITT, an
individual; CHRISTOPHER
RACICOT, an individual;
BERTHOLD REGAR, an individual;
ALFRED N. RETTENMIER, an
individual;
MARVIN RAY REYNOLDS, an
individual;
PETER F. REYNOLDS, an individual;
STEPHEN C. RILEY, an individual;
MARILOU ROWE, an individual;
SACCOMANNO FINANCIAL
SERVICES INC., a Washington
Corporation; MARIO J.
SACCOMANNO, an individual;
RANDAL SACCOMANNO, an
individual;
RYAN S. SACCOMANNO, an
individual;

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 7 -

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LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-0777

1 RONALD J. SACCOMANNO, an
individual;
2 JAGDISH KUMAR SAINI, an
individual;
3 GREGORY A. SANGSTER, an
individual;
4 RAFAEL F. SANTIAGO, an
individual;
5 RICHARD R. SASSARA II, an
individual;
6 MARK SATHER, an individual;
LEE SCHARENBERG, an individual;
7 DAVID SCHWARTZ, an individual;
FINANCIAL SERVICES
8 INTERNATIONAL CORPORATION,
a corporation;
9 ROBERT W. SCHWARTZ, an
individual;
10 JAMES A. SCHWARZ, an individual;
ROBERT W. SCHWARZ, an
11 individual;
STEVEN L. SEVERSON, an
12 individual;
DANIEL D. SHEA, an individual;
13 DAVID LARRY SMITH, an
individual;
14 DAVID SMITH, an individual;
JENNIFER L. SMITH, an individual;
15 DIANE L. SNYDER, an individual;
DALE SOUTAS, an individual;
16 DONNA M. STEFFENS, an individual;
TERRY E. STRATTON, an individual;
17 JOHN STRINGHAM, an individual;
JOHN B. SULLIVAN, an individual;
18 CHRISTOPHER SULLIVAN, an
individual;
19 CALVIN R. TADEMA, an individual;
RODNEY E. TAVERNA, an
20 individual;
RICHARD TAVIS, an individual;
21 RICHARD H. TAYLOR, an individual;
PAUL C. THEILE, an individual;
22 JOYCE A. THEIS, an individual;
TERESA ANN TIMONS ADAMS, an
23 individual;
E. SCOTT TINDER, an individual;
24 MICHAEL E. TOMREN, an individual;
M. BRET UMEK, an individual;
25 MARK A. UMEK, an individual;
STEPHAN J. VRTISKA, an individual;
26 SUSAN L. WALKER, an individual;
WALLA WALLA, an unknown entity;
27 LESLIE A. WALTER, an individual;
JERRY L. WARD, an individual;
28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 8 -

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LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3107

1 JEFF WATCHMAN, an individual;
2 CARL C. WEISNER, an individual;
3 MORRIS C. WEISNER, an individual;
4 JAMES J. WERNER, an individual;
5 DAVID R. WHITING, an individual;
6 DALE WHITNEY, an individual;
7 DEE D. WHITTIER, an individual;
8 EVELYN L. WIDHALM, an
9 individual;
10 MARK R. WILKERSON, an
11 individual;
12 RUSSELL L. WILKERSON, an
13 individual;
14 JACQUELINE H. WILKINSON, an
15 individual;
16 BETTY J. WISE, an individual;
17 LARRY WISEMAN, an individual;
18 ROBERT WOLFENBARGER, an
19 individual;
20 KEVIN M. WRIGHT, an individual;
21 LLOYD F. WRIGHT, an individual;
22 DAVID C. YODER, an individual;
23 KEVIN D. YUNGER, an individual,
24 and DOES 1 through 50, inclusive.

Defendants.

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27
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29 Plaintiffs National Union Fire Insurance Company of Pittsburgh, PA
30 (“National Union”) and American International Specialty Lines Insurance
31 Company (“AISLIC”) (jointly “Insurers” or “Plaintiffs”) bring this action
32 for Interpleader and Declaratory Relief against Metropolitan Mortgage &
33 Securities Co., Inc., Summit Securities, Inc. (Debtors and Debtors-in-
34 Possession), Metropolitan Investment Securities, Inc. and Bruce R. Boyden
35 as its Chapter 7 Trustee in Case No. 04-00756 (collectively the “Debtors”),
36 various subsidiaries and affiliates of the Debtors (collectively the
37 “Subsidiaries”), the past and present directors and officers of the Debtors
38 and the Subsidiaries (collectively the “D&Os”), and the registered
39 representatives and other brokers that have sold Debtors’ securities to

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 9 -

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LAW OFFICES OF
COZEN O’CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3177

1 investors (collectively the “Registered Reps”). National Union and AISLIC
2 are separate insurance companies that for the purpose of judicial economy
3 bring this joint interpleader action. Plaintiffs allege as follows upon
4 personal knowledge as to their own acts and status and upon information
5 and belief as to all other matters.

6
7 **I.**

8 **INTRODUCTION**

9 1. National Union and AISLIC seek to interplead the proceeds of
10 two policies of insurance that were issued to Metropolitan Mortgage and
11 Securities Co. Inc. as the Named Insured on the grounds that the Policies
12 have been subjected to numerous conflicting and competitive claims,
13 lawsuits, defense costs and other matters which greatly exceed the limited
14 proceeds available under these self-liquidating policies. National Union
15 seeks a declaration that the maximum Loss payable under the D&O Policy
16 for all Claims is ten million dollars (\$10,000,000.00) in the aggregate.

17 National Union and AISLIC jointly seek a declaration that the combined
18 Loss payable under both the D&O and E&O Policies is limited to fifteen
19 million dollars (\$15,000,000) pursuant to AISLIC Policy Endorsement No.

20 5. In addition, AISLIC seeks a declaration that pursuant to Policy
21 Endorsements 6 and 7, the maximum limit of liability afforded under its
22 E&O Policy for all Claims against the insured Registered Representatives is
23 limited to two million dollars (\$2,000,000.00) in the aggregate, which is
24 part of and not in addition to the fifteen million dollar joint aggregate limit
25 pursuant to Policy Endorsement No. 5. AISLIC contends that all of the
26 claims made against the E&O Policy are subject to the two million dollar
27 sub-limit of liability under Policy Endorsement Nos. 6 and 7. Although
28 AISLIC is required to and has deposited with the Court the maximum five

1 million dollars potentially available under its Policy, AISLIC asserts that its
2 maximum liability is two million dollars, net of paid legal fees and costs.
3 Accordingly, AISLIC seeks return of three million dollars of that amount
4 based upon the limitations of Endorsements 6 and 7.

5 **The Plaintiffs**

6 2. Plaintiff National Union Fire Insurance Company of Pittsburgh,
7 PA is a Pennsylvania corporation with its principal place of business in
8 New York. National Union issued Directors, Officers and Private
9 Company Liability Insurance Policy No. 263-38-69 (the "D&O Policy") to
10 Metropolitan Mortgage & Securities Co., Inc. for the Policy Period of
11 March 18, 2003 to March 18, 2004. The D&O Policy provides limits of
12 liability of \$10 million in the aggregate for all Loss combined (including
13 Defense Costs), subject to a Retention of \$250,000, for Loss arising from
14 Claims for Securities Violations. Subject to various exclusions and
15 limitations, the D&O Policy provides coverage for Claims alleging
16 Wrongful Acts that are first made and reported against Metropolitan
17 Mortgage & Securities Co., Inc., its subsidiaries and their officers and
18 directors, during the Policy Period.

19 3. Plaintiff American International Specialty Lines Insurance
20 Company ("AISLIC") is an Alaska corporation with its principal place of
21 business in New York. AISLIC issued Financial Institutions Professional
22 Liability Insurance Policy No. 281-42-69 (the "E&O Policy") to
23 Metropolitan Mortgage & Securities Co., Inc. for the Policy Period of July
24 29, 2003 to July 29, 2004. The E&O Policy provides limits of liability of
25 \$10 million in the aggregate for all Loss combined (including Defense
26 Costs), subject to a Retention of \$250,000 plus 25% Co-Insurance subject
27 to a maximum of \$250,000. Policy Endorsement No. 5 limits the combined
28

1 policy limits of the D&O Policy and the E&O Policy to \$15,000,000 in
2 the aggregate.

3 4. Subject to various terms, conditions, exclusions and limitations,
4 the E&O Policy provides coverage for Claims alleging Wrongful Acts in
5 the rendering or failure to render Professional Services, as defined in the
6 Policy, that are first made and reported against Metropolitan Mortgage &
7 Securities Co., Inc., its subsidiaries or their directors, officers and
8 employees during the Policy Period. Pursuant to Policy Endorsement No.
9 6, the E&O Policy also extends coverage to individuals who are
10 registered with the National Association of Securities Dealers, Inc. when
11 engaged in the business of “rendering professional services” on behalf of
12 Metropolitan Mortgage & Securities Co., Inc. Pursuant to Policy
13 Endorsement No. 7, coverage is provided to Registered Representatives of
14 the Insured with respect to specified professional services. Endorsement 7
15 provides that a \$2 million aggregate sublimit and \$500,000 Retention apply
16 to coverage for Registered Representatives. A separate \$2,500 Deductible
17 applies to claims against individual Insureds under certain defined
18 circumstances pursuant to Endorsement No. 6.

19 **The Corporate Insureds**

20 5. Upon information and belief, Defendant Metropolitan Mortgage &
21 Securities Co., Inc. (“Metropolitan”) is a Washington corporation located
22 and doing business in Spokane County with its principal offices located at
23 601 West First Ave., Spokane, Washington. On February 4, 2004,
24 Metropolitan filed a voluntary petition for relief under Chapter 11 of Title
25 11 of the United States Code (the “Bankruptcy Code”). Metropolitan
26 continues to operate as a Debtor-in-Possession under sections 1107(a) and
27

1 1108 of the Bankruptcy Code. An Unsecured Creditor's Committee for
2 Metropolitan was appointed by the U.S. Trustee on February 13, 2004.

3 6. Upon information and belief, Defendant Summit Securities, Inc.
4 ("Summit") is an Idaho corporation located and doing business in Spokane
5 County with its principal offices located at 601 West First Ave., Spokane,
6 Washington. On February 4, 2004, Summit filed a voluntary petition for
7 relief under Chapter 11 the Bankruptcy Code. Summit continues to operate
8 as a Debtor-in-Possession under sections 1107(a) and 1108 of the
9 Bankruptcy Code. An Unsecured Creditor's Committee for Summit was
10 appointed by the U.S. Trustee on February 13, 2004.

11 7. Upon information and belief, Defendant Metropolitan Investment
12 Securities, Inc. ("MIS") is a Washington corporation located in Spokane
13 County with its principal offices located at 601 West First Ave., Spokane,
14 Washington. MIS ceased operations on December 15, 2003. On February
15 4, 2004, MIS filed a voluntary petition for relief under Chapter 7 of the
16 Bankruptcy Code. Bruce R. Boyden has been appointed as the Chapter 7
17 Trustee for MIS pursuant to 11 U.S.C. § 701.

18 8. Upon information and belief, Defendant Old Standard Life
19 Insurance Company ("Old Standard") is an Idaho corporation with its
20 principal place of business in Washington. As a subsidiary of Metropolitan,
21 Old Standard has been named as a defendant in various lawsuits.

22 9. Upon information and belief, Defendant Western United Life
23 Assurance Company ("Western United") is a Washington corporation with
24 its principal place of business in Washington. As a subsidiary of
25 Metropolitan, Western United has been named as a defendant in various
26 lawsuits.
27
28

1 10. Upon information and belief, Defendant Old West Annuity & Life
2 Insurance Company ("Old West") is an Arizona corporation with its
3 principal place of business in Washington. As a subsidiary of Metropolitan,
4 Old West has been named as a defendant in various lawsuits.

5 11. Upon information and belief, Defendant Metwest Mortgage
6 Services, Inc. ("Metwest") is a Washington corporation with its principal
7 place of business in Washington. As a subsidiary of Metropolitan, Metwest
8 has been named as a defendant in various lawsuits.

9 12. Upon information and belief, Defendant Jaguar Ventures, Inc.
10 ("Jaguar") is an Idaho corporation with its principal place of business in
11 Washington. As an affiliate of Metropolitan, Jaguar has been named as a
12 defendant in numerous lawsuits.

13 **The Director & Officer Insureds**

14 13. Upon information and belief, Defendant C. Paul Sandifur, Jr., is the
15 former Chairman and Chief Executive Officer ("CEO") of Metropolitan,
16 former Director of Metropolitan, and former President and Director of MIS.
17 Plaintiffs are informed and believe that Defendant is a resident of
18 Washington State.

19 14. Upon information and belief, Defendant William A. Smith is the
20 former Chief Financial Officer of Metropolitan and Summit and Summit's
21 CEO. Plaintiffs are informed and believe that Defendant is a resident of
22 Washington State.

23 15. Upon information and belief, Defendant Reuel C. Swanson is the
24 former Director and Secretary of Metropolitan, former Secretary, Treasurer
25 and Director of MIS. Plaintiffs are informed and believe that Defendant is a
26 resident of Washington State.

1 16. Upon information and belief, Defendant Irv Marcus is the former
2 Chairman and CEO of Metropolitan. Plaintiffs are informed and believe that
3 Defendant is a resident of Washington State.

4 17. Upon information and belief, Defendant Harold W. Erfurth is a
5 former Director of Metropolitan. Plaintiffs are informed and believe that
6 Defendant is a resident of Washington State.

7 18. Upon information and belief, Defendant Gary Brajcich is a former
8 Director of Metropolitan. Plaintiffs are informed and believe that Defendant
9 is a resident of Washington State.

10 19. Upon information and belief, Defendant Samuel H. Smith is a
11 former Director of Metropolitan and former director of MIS. Plaintiffs are
12 informed and believe that Defendant is a resident of Washington State.

13 20. Upon information and belief, Defendant John Trimble is a former
14 Director of Metropolitan. Plaintiffs are informed and believe that Defendant
15 is a resident of Washington State.

16 21. Upon information and belief, Defendant William D. Snider is a
17 former Director and former Chief Financial Officer of Metropolitan and a
18 former Director of MIS. Plaintiffs are informed and believe that Defendant
19 is a resident of Washington State.

20 22. Upon information and belief, Defendant Robert A. Ness is the
21 former Controller of Metropolitan and Summit. Plaintiffs are informed and
22 believe that Defendant is a resident of Washington State.

23 23. Upon information and belief, Defendant B. Elaine Hoskin is the
24 former Vice-President of Metropolitan. Plaintiffs are informed and believe
25 that Defendant is a resident of Washington State.

26 24. Upon information and belief, Defendant Bruce Blohowiak is the
27 former Chief Operating Officer, General Counsel and Director of
28

1 Metropolitan. Plaintiffs are informed and believe that Defendant is a
2 resident of Washington State.

3 25. Upon information and belief, Defendant Steve Crooks is the
4 former Controller of Metropolitan. Plaintiffs are informed and believe that
5 Defendant is a resident of Washington State

6 26. Upon information and belief, Defendant Mike Kirk is a former
7 Senior Vice-President of Metropolitan. Plaintiffs are informed and believe
8 that Defendant is a resident of Washington State.

9 27. Upon information and belief, Defendant Erik Skaggs is a former
10 Vice-President of Metropolitan. Plaintiffs are informed and believe that
11 Defendant is a resident of Washington State.

12 28. Upon information and belief, Defendant Tom Turner is the former
13 President of Summit. Plaintiffs are informed and believe that Defendant is a
14 resident of Nevada.

15 29. Upon information and belief, Defendant Philip Sandifur is a
16 former Director of Summit. Plaintiffs are informed and believe that
17 Defendant is a resident of Washington State.

18 30. Upon information and belief, Defendant Gregory Strate is a
19 former Director of Summit. Plaintiffs are informed and believe that
20 Defendant is a resident of Washington State.

21 31. Upon information and belief, Defendant Robert K. Potter is a
22 former Director of Summit. Plaintiffs are informed and believe that
23 Defendant is a resident of Idaho.

24 32. Upon information and belief, Defendant James V. Hawkins is a
25 former Director of Summit. Plaintiffs are informed and believe that
26 Defendant is a resident of Idaho.

1 33. Upon information and belief, Defendant Clayton Rudd is a former
2 Director of Summit. Plaintiffs are informed and believe that Defendant is a
3 resident of Idaho.

4 34. Upon information and belief, Defendant Ronald Pelligrino's is a
5 former General Manager of MIS. Plaintiffs are informed and believe that
6 Defendant is a resident of Washington State.

7 35. Plaintiffs lack sufficient information at this time regarding
8 Defendant Shelly Sandifur's title and the exact nature of her involvement
9 with the Debtors. Plaintiffs are informed and believe that Defendant is a
10 resident of Washington State.

11 36. Plaintiffs lack sufficient information at this time regarding
12 Defendant Helen Sandifur's title and the exact nature of her involvement
13 with the Debtors. Plaintiffs are informed and believe that Defendant is a
14 resident of Washington State. Plaintiffs are informed and believe that
15 Defendant is a resident of Washington State.

16 **The Registered Representative Insureds**

17 37. Defendant Diana Abken is a registered representative of MIS. In
18 that capacity, she sold securities to third parties that have claimed, or are
19 expected to claim, damages as a result of acts and omissions in connection
20 with sale of such securities. Defendant is a resident of Spokane,
21 Washington.

22 38. Defendant Daniel Adams is a registered representative of MIS. In
23 that capacity, he sold securities to third parties that have claimed, or are
24 expected to claim, damages as a result of acts and omissions in connection
25 with sale of such securities. Defendant is a resident of Walla Walla,
26 Washington.

1 39. Defendant Teresa-Ann Timons Adams is a registered
2 representative of MIS. In that capacity, she sold securities to third parties
3 that have claimed, or are expected to claim, damages as a result of acts and
4 omissions in connection with sale of such securities. Defendant is a
5 resident of Walla Walla, Washington.

6 40. Defendant E. Glen Adkins is a registered representative of MIS.
7 In that capacity, he sold securities to third parties that have claimed, or are
8 expected to claim, damages as a result of acts and omissions in connection
9 with sale of such securities. Defendant is a resident of Tucson, Arizona.

10 41. Defendant Advisory Associates RIA is a registered representative
11 of MIS. In that capacity, it sold securities to third parties that have claimed,
12 or are expected to claim, damages as a result of acts and omissions in
13 connection with sale of such securities. Defendant does business in Salem,
14 Oregon.

15 42. Defendant Dale V. Aguilar is a registered representative of MIS.
16 In that capacity, he sold securities to third parties that have claimed, or are
17 expected to claim, damages as a result of acts and omissions in connection
18 with sale of such securities. Defendant is a resident of Brea, California.

19 43. Defendant Jeffrey C. Albers is a registered representative of MIS.
20 In that capacity, he sold securities to third parties that have claimed, or are
21 expected to claim, damages as a result of acts and omissions in connection
22 with sale of such securities. Defendant is a resident of Tacoma,
23 Washington.

24 44. Defendant Stephen F. Albers is a registered representative of MIS.
25 In that capacity, he sold securities to third parties that have claimed, or are
26 expected to claim, damages as a result of acts and omissions in connection
27

1 with sale of such securities. Defendant is a resident of Tacoma,
2 Washington.

3 45. Defendant Kent Althoff is a registered representative of MIS. In
4 that capacity, he sold securities to third parties that have claimed, or are
5 expected to claim, damages as a result of acts and omissions in connection
6 with sale of such securities. Defendant is a resident of Billings, Montana.

7 46. Defendant Wilfrid Alvarez is a registered representative of MIS.
8 In that capacity, he sold securities to third parties that have claimed, or are
9 expected to claim, damages as a result of acts and omissions in connection
10 with sale of such securities. Defendant is a resident of Port Orchard,
11 Washington.

12 47. Defendant H. Dean Anderson is a registered representative of
13 MIS. In that capacity, he sold securities to third parties that have claimed,
14 or are expected to claim, damages as a result of acts and omissions in
15 connection with sale of such securities. Defendant is a resident of
16 Davenport, Washington.

17 48. Defendant Patti L. Anderson is a registered representative of MIS.
18 In that capacity, she sold securities to third parties that have claimed, or are
19 expected to claim, damages as a result of acts and omissions in connection
20 with sale of such securities. Defendant is a resident of Spokane,
21 Washington.

22 49. Defendant Anthony R. Andre is a registered representative of
23 MIS. In that capacity, he sold securities to third parties that have claimed,
24 or are expected to claim, damages as a result of acts and omissions in
25 connection with sale of such securities. Defendant is a resident of
26 Oceanside, California.

1 50. Defendant Elizabeth Adams Armstrong is a registered
2 representative of MIS. In that capacity, she sold securities to third parties
3 that have claimed, or are expected to claim, damages as a result of acts and
4 omissions in connection with sale of such securities. Defendant is a
5 resident of Beaverton, Oregon.

6 51. Defendant Karen Arseneault is a registered representative of MIS.
7 In that capacity, he sold securities to third parties that have claimed, or are
8 expected to claim, damages as a result of acts and omissions in connection
9 with sale of such securities. Defendant is a resident of Spokane,
10 Washington.

11 52. Defendant B. Todd Bailey is a registered representative of MIS.
12 In that capacity, he sold securities to third parties that have claimed, or are
13 expected to claim, damages as a result of acts and omissions in connection
14 with sale of such securities. Defendant is a resident of Nampa, Idaho.

15 53. Defendant Rick Bailey is a registered representative of MIS. In
16 that capacity, he sold securities to third parties that have claimed, or are
17 expected to claim, damages as a result of acts and omissions in connection
18 with sale of such securities. Defendant is a resident of Nampa, Idaho.

19 54. Defendant Charles C. Baker, Jr. is a registered representative of
20 MIS. In that capacity, he sold securities to third parties that have claimed,
21 or are expected to claim, damages as a result of acts and omissions in
22 connection with sale of such securities. Defendant is a resident of Durham,
23 North Carolina.

24 55. Defendant Michael J. Barnes is a registered representative of
25 MIS. In that capacity, he sold securities to third parties that have claimed,
26 or are expected to claim, damages as a result of acts and omissions in
27

1 connection with sale of such securities. Defendant is a resident of Portland,
2 Oregon.

3 56. Defendant Bruce Barnett is a registered representative of MIS. In
4 that capacity, he sold securities to third parties that have claimed, or are
5 expected to claim, damages as a result of acts and omissions in connection
6 with sale of such securities. Defendant is a resident of Portland, Oregon.

7 57. Defendant Robert Barnett is a registered representative of MIS.
8 In that capacity, he sold securities to third parties that have claimed, or are
9 expected to claim, damages as a result of acts and omissions in connection
10 with sale of such securities. Defendant is a resident of Redmond, Oregon.

11 58. Defendant Corynne L. Beaudry is a registered representative of
12 MIS. In that capacity, he/she sold securities to third parties that have
13 claimed, or are expected to claim, damages as a result of acts and omissions
14 in connection with sale of such securities. Defendant is a resident of
15 Tacoma, Washington.

16 59. Defendant William G. Beckers is a registered representative of
17 MIS. In that capacity, he sold securities to third parties that have claimed,
18 or are expected to claim, damages as a result of acts and omissions in
19 connection with sale of such securities. Defendant is a resident of Portland,
20 Oregon.

21 60. Defendant Michael Behrman is a registered representative of MIS.
22 In that capacity, he sold securities to third parties that have claimed, or are
23 expected to claim, damages as a result of acts and omissions in connection
24 with sale of such securities. Defendant is a resident of Spokane,
25 Washington.

26 61. Defendant Jim Bell is a registered representative of MIS. In that
27 capacity, he sold securities to third parties that have claimed, or are
28

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Spokane,
3 Washington.

4 62. Defendant Robert M. Bierman is a registered representative of
5 MIS. In that capacity, he sold securities to third parties that have claimed,
6 or are expected to claim, damages as a result of acts and omissions in
7 connection with sale of such securities. Defendant is a resident of Portland,
8 Oregon.

9 63. Defendant Kelly D. Bird is a registered representative of MIS. In
10 that capacity, she sold securities to third parties that have claimed, or are
11 expected to claim, damages as a result of acts and omissions in connection
12 with sale of such securities. Defendant is a resident of Mattawa,
13 Washington.

14 64. Defendant Gary C. Blazek is a registered representative of MIS.
15 In that capacity, he sold securities to third parties that have claimed, or are
16 expected to claim, damages as a result of acts and omissions in connection
17 with sale of such securities. Defendant is a resident of Spokane,
18 Washington.

19 65. Defendant Gerald L. Bliss is a registered representative of MIS.
20 In that capacity, he sold securities to third parties that have claimed, or are
21 expected to claim, damages as a result of acts and omissions in connection
22 with sale of such securities. Defendant is a resident of Yakima,
23 Washington.

24 66. Defendant Sydney K. Block is a registered representative of MIS.
25 In that capacity, he sold securities to third parties that have claimed, or are
26 expected to claim, damages as a result of acts and omissions in connection
27

1 with sale of such securities. Defendant is a resident of Laguna Hills,
2 California.

3 67. Defendant Bartholomew J. Brady-Ciampa is a registered
4 representative of MIS. In that capacity, he sold securities to third parties
5 that have claimed, or are expected to claim, damages as a result of acts and
6 omissions in connection with sale of such securities. Defendant is a
7 resident of Ridgefield, Washington.

8 68. Defendant Marguerite J. Brady-Ciampa is a registered
9 representative of MIS. In that capacity, he sold securities to third parties
10 that have claimed, or are expected to claim, damages as a result of acts and
11 omissions in connection with sale of such securities. Defendant is a
12 resident of Ridgefield, Washington.

13 69. Defendant Kenneth L. Brensdal is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Helena,
17 Montana.

18 70. Defendant Charles A. Brown, Jr. is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of
22 Davenport, Washington.

23 71. Defendant Martha A. Brown is a registered representative of MIS.
24 In that capacity, she sold securities to third parties that have claimed, or are
25 expected to claim, damages as a result of acts and omissions in connection
26 with sale of such securities. Defendant is a resident of Tacoma,
27 Washington.

28
COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 23 -

SEATTLE\466813\1 159010.000

LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3111

1 72. Defendant Ross E. Bruner is a registered representative of MIS.
2 In that capacity, he sold securities to third parties that have claimed, or are
3 expected to claim, damages as a result of acts and omissions in connection
4 with sale of such securities. Defendant is a resident of Redmond,
5 Washington.

6 73. Defendant Michael V. Burke is a registered representative of MIS.
7 In that capacity, he sold securities to third parties that have claimed, or are
8 expected to claim, damages as a result of acts and omissions in connection
9 with sale of such securities. Defendant is a resident of Spokane,
10 Washington.

11 74. Defendant Timothy Martin Burke is a registered representative of
12 MIS. In that capacity, he sold securities to third parties that have claimed,
13 or are expected to claim, damages as a result of acts and omissions in
14 connection with sale of such securities. Defendant is a resident of
15 Veradale, Washington.

16 75. Defendant Scott Richard Burks is a registered representative of
17 MIS. In that capacity, he sold securities to third parties that have claimed,
18 or are expected to claim, damages as a result of acts and omissions in
19 connection with sale of such securities. Defendant is a resident of Carlsbad,
20 California.

21 76. Defendant Aaron Burns is a registered representative of MIS. In
22 that capacity, he sold securities to third parties that have claimed, or are
23 expected to claim, damages as a result of acts and omissions in connection
24 with sale of such securities. Defendant is a resident of Spokane,
25 Washington.

26 77. Defendant James H. Burns is a registered representative of MIS.
27 In that capacity, he sold securities to third parties that have claimed, or are
28

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Coeur D'Alene,
3 Idaho.

4 78. Defendant Bruce Bushman is a registered representative of MIS.
5 In that capacity, he sold securities to third parties that have claimed, or are
6 expected to claim, damages as a result of acts and omissions in connection
7 with sale of such securities. Defendant is a resident of Spokane,
8 Washington.

9 79. Defendant Anthony C. Byrd is a registered representative of MIS.
10 In that capacity, he sold securities to third parties that have claimed, or are
11 expected to claim, damages as a result of acts and omissions in connection
12 with sale of such securities. Defendant is a resident of Carlsbad, California.

13 80. Defendant Richard D. Byrd is a registered representative of MIS.
14 In that capacity, he sold securities to third parties that have claimed, or are
15 expected to claim, damages as a result of acts and omissions in connection
16 with sale of such securities. Defendant is a resident of Webb City,
17 Montana.

18 81. Defendant David C. Carlson is a registered representative of MIS.
19 In that capacity, he sold securities to third parties that have claimed, or are
20 expected to claim, damages as a result of acts and omissions in connection
21 with sale of such securities. Defendant is a resident of Bothell,
22 Washington.

23 82. Defendant Shari Barnes Carlson is a registered representative of
24 MIS. In that capacity, she sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Spokane,
27 Washington.

1 83. Defendant Joseph Carrano is a registered representative of MIS.
2 In that capacity, he sold securities to third parties that have claimed, or are
3 expected to claim, damages as a result of acts and omissions in connection
4 with sale of such securities. Defendant is a resident of Lamesa, California.

5 84. Defendant Larry D. Carrell is a registered representative of MIS.
6 In that capacity, he sold securities to third parties that have claimed, or are
7 expected to claim, damages as a result of acts and omissions in connection
8 with sale of such securities. Defendant is a resident of Spokane,
9 Washington.

10 85. Defendant Alan Carter is a registered representative of MIS. In
11 that capacity, he sold securities to third parties that have claimed, or are
12 expected to claim, damages as a result of acts and omissions in connection
13 with sale of such securities. Defendant is a resident of Spokane,
14 Washington.

15 86. Defendant Samuel D. Castorena is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of
19 Veradale, Washington.

20 87. Defendant William "Marc" Charles is a registered representative
21 of MIS. In that capacity, he sold securities to third parties that have
22 claimed, or are expected to claim, damages as a result of acts and omissions
23 in connection with sale of such securities. Defendant is a resident of San
24 Diego, California.

25 88. Defendant Trudie Christiansen is a registered representative of
26 MIS. In that capacity, she sold securities to third parties that have claimed,
27 or are expected to claim, damages as a result of acts and omissions in
28

1 connection with sale of such securities. Defendant is a resident of Idaho
2 Falls, Idaho.

3 89. Defendant Kevin D. Clegg is a registered representative of MIS.
4 In that capacity, he sold securities to third parties that have claimed, or are
5 expected to claim, damages as a result of acts and omissions in connection
6 with sale of such securities. Defendant is a resident of Boise, Idaho.

7 90. Defendant Vern M. Clemenson is a registered representative of
8 MIS. In that capacity, he sold securities to third parties that have claimed,
9 or are expected to claim, damages as a result of acts and omissions in
10 connection with sale of such securities. Defendant is a resident of Spokane,
11 Washington.

12 91. Defendant Nathan A. Cline is a registered representative of MIS.
13 In that capacity, he sold securities to third parties that have claimed, or are
14 expected to claim, damages as a result of acts and omissions in connection
15 with sale of such securities. Defendant is a resident of Shelley, Idaho.

16 92. Defendant Randy L. Combest is a registered representative of
17 MIS. In that capacity, he sold securities to third parties that have claimed,
18 or are expected to claim, damages as a result of acts and omissions in
19 connection with sale of such securities. Defendant is a resident of Shelley,
20 Idaho.

21 93. Defendant Karen M. Connolly is a registered representative of
22 MIS. In that capacity, she sold securities to third parties that have claimed,
23 or are expected to claim, damages as a result of acts and omissions in
24 connection with sale of such securities. Defendant is a resident of Shelton,
25 Washington.

26 94. Defendant Scott T. Cordell is a registered representative of MIS.
27 In that capacity, he sold securities to third parties that have claimed, or are
28

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Spokane,
3 Washington.

4 95. Defendant Dane F. Cordsen is a registered representative of MIS.
5 In that capacity, he sold securities to third parties that have claimed, or are
6 expected to claim, damages as a result of acts and omissions in connection
7 with sale of such securities. Defendant is a resident of Spokane,
8 Washington.

9 96. Defendant Susan B. Cordsen is a registered representative of MIS.
10 In that capacity, she sold securities to third parties that have claimed, or are
11 expected to claim, damages as a result of acts and omissions in connection
12 with sale of such securities. Defendant is a resident of Scottsdale, Arizona.

13 97. Defendant Thomas C. Coulson is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Connell,
17 Washington.

18 98. Defendant Holly Cowdell is a registered representative of MIS.
19 In that capacity, she sold securities to third parties that have claimed, or are
20 expected to claim, damages as a result of acts and omissions in connection
21 with sale of such securities. Defendant is a resident of Alpine, Utah.

22 99. Defendant Kim L. Cowdell is a registered representative of MIS.
23 In that capacity, she sold securities to third parties that have claimed, or are
24 expected to claim, damages as a result of acts and omissions in connection
25 with sale of such securities. Defendant is a resident of St. George, Utah.

26 100. Defendant Mark Cowdell is a registered representative of MIS.
27 In that capacity, he sold securities to third parties that have claimed, or are
28

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Alpine, Utah.

3 101. Defendant Michael Louise Culbertson is a registered
4 representative of MIS. In that capacity, he sold securities to third parties
5 that have claimed, or are expected to claim, damages as a result of acts and
6 omissions in connection with sale of such securities. Defendant is a
7 resident of Spokane, Washington.

8 102. Defendant Edward S. Davis is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of La Jolla,
12 California.

13 103. Defendant David L. Deffinbaugh is a registered representative
14 of MIS. In that capacity, he sold securities to third parties that have
15 claimed, or are expected to claim, damages as a result of acts and omissions
16 in connection with sale of such securities. Defendant is a resident of Great
17 Falls, Montana.

18 104. Defendant Jeffrey Demott is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of San
22 Diego, California.

23 105. Defendant Michael Demott is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of
27 Missoula, Montana.

1 106. Defendant Robert S. Dewitt is a registered representative of
2 MIS. In that capacity, he sold securities to third parties that have claimed,
3 or are expected to claim, damages as a result of acts and omissions in
4 connection with sale of such securities. Defendant is a resident of
5 Edgewood, Washington.

6 107. Defendant Diane Edwards is a registered representative of
7 MIS. In that capacity, she sold securities to third parties that have claimed,
8 or are expected to claim, damages as a result of acts and omissions in
9 connection with sale of such securities. Defendant is a resident of Spokane,
10 Washington.

11 108. Defendant Sean M. Dooney is a registered representative of
12 MIS. In that capacity, he sold securities to third parties that have claimed,
13 or are expected to claim, damages as a result of acts and omissions in
14 connection with sale of such securities. Defendant is a resident of Portland,
15 Oregon.

16 109. Defendant Kimball R. Doxey is a registered representative of
17 MIS. In that capacity, she sold securities to third parties that have claimed,
18 or are expected to claim, damages as a result of acts and omissions in
19 connection with sale of such securities. Defendant is a resident of Salt Lake
20 City, Utah.

21 110. Defendant Arnita C. Dukes is a registered representative of
22 MIS. In that capacity, he/she sold securities to third parties that have
23 claimed, or are expected to claim, damages as a result of acts and omissions
24 in connection with sale of such securities. Defendant is a resident of
25 Spokane, Washington.

26 111. Defendant Janie L. Easter is a registered representative of MIS.
27 In that capacity, she sold securities to third parties that have claimed, or are
28

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Olympia,
3 Washington.

4 112. Defendants Edwards & Associates Financial Services Inc., and
5 its principal officer, Allyn Edwards, are registered representatives of MIS.
6 In that capacity, they sold securities to third parties that have claimed, or are
7 expected to claim, damages as a result of acts and omissions in connection
8 with sale of such securities. Defendant Edwards & Associates Financial
9 Services Inc. is a resident of Washington State.

10 113. Defendant Allyn Edwards is a registered representative of
11 MIS. In that capacity, he sold securities to third parties that have claimed,
12 or are expected to claim, damages as a result of acts and omissions in
13 connection with sale of such securities. Defendant is a resident of Spokane,
14 Washington.

15 114. Defendant Diane Marie Edwards is a registered representative
16 of MIS. In that capacity, she sold securities to third parties that have
17 claimed, or are expected to claim, damages as a result of acts and omissions
18 in connection with sale of such securities. Defendant is a resident of
19 Spokane, Washington.

20 115. Defendant Rickey L. Everts is a registered representative of
21 MIS. In that capacity, he sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of Spokane,
24 Washington.

25 116. Defendant Brett F. Ewing is a registered representative of MIS.
26 In that capacity, he sold securities to third parties that have claimed, or are
27

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Tallahassee, Florida.

3 117. Defendant George F. Ewing is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of
7 Tallahassee, Florida.

8 118. Defendant Mick L. Farrell is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of
12 Lewiston, Idaho.

13 119. Defendant James J. Feist is a registered representative of MIS.
14 In that capacity, he sold securities to third parties that have claimed, or are
15 expected to claim, damages as a result of acts and omissions in connection
16 with sale of such securities. Defendant is a resident of Tacoma,
17 Washington.

18 120. Defendant Daniel T. Fenley is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of Costa
22 Mesa, California.

23 121. Defendant Charles Fischer is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Eugene,
27 Oregon.

1 122. Defendant Terry L. Fleischman is a registered representative of
2 MIS. In that capacity, he sold securities to third parties that have claimed,
3 or are expected to claim, damages as a result of acts and omissions in
4 connection with sale of such securities. Defendant is a resident of Spokane,
5 Washington.

6 123. Defendant Joanne Flynn is a registered representative of MIS.
7 In that capacity, she sold securities to third parties that have claimed, or are
8 expected to claim, damages as a result of acts and omissions in connection
9 with sale of such securities. Defendant is a resident of Billings, Montana.

10 124. Defendant Mary Dee Foft is a registered representative of MIS.
11 In that capacity, she sold securities to third parties that have claimed, or are
12 expected to claim, damages as a result of acts and omissions in connection
13 with sale of such securities. Defendant is a resident of Tustin, California.

14 125. Defendant Geoffrey A. Fox is a registered representative of
15 MIS. In that capacity, he sold securities to third parties that have claimed,
16 or are expected to claim, damages as a result of acts and omissions in
17 connection with sale of such securities. Defendant is a resident of Seattle,
18 Washington.

19 126. Defendant Kim Fries is a registered representative of MIS. In
20 that capacity, he sold securities to third parties that have claimed, or are
21 expected to claim, damages as a result of acts and omissions in connection
22 with sale of such securities. Defendant is a resident of Spokane,
23 Washington.

24 127. Defendant Douglas A. Fry is a registered representative of
25 MIS. In that capacity, he sold securities to third parties that have claimed,
26 or are expected to claim, damages as a result of acts and omissions in
27

1 connection with sale of such securities. Defendant is a resident of
2 Veradale, Washington.

3 128. Defendant Angus J. Geyer is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of Seattle,
7 Washington.

8 129. Defendant Craig Goodman is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of Spokane,
12 Washington.

13 130. Defendant Seth E. Grano is a registered representative of MIS.
14 In that capacity, he sold securities to third parties that have claimed, or are
15 expected to claim, damages as a result of acts and omissions in connection
16 with sale of such securities. Defendant is a resident of Spokane,
17 Washington.

18 131. Defendant Steven J. Graves is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of
22 Missoula, Montana.

23 132. Defendant Dennis M. Green is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Lake
27 Forest, California.

1 133. Defendant Stephanie D. Griffin is a registered representative of
2 MIS. In that capacity, she sold securities to third parties that have claimed,
3 or are expected to claim, damages as a result of acts and omissions in
4 connection with sale of such securities. Defendant is a resident of St.
5 Louis, Missouri.

6 134. Defendant Alan Casey Grim is a registered representative of
7 MIS. In that capacity, he sold securities to third parties that have claimed,
8 or are expected to claim, damages as a result of acts and omissions in
9 connection with sale of such securities. Defendant is a resident of Spokane,
10 Washington.

11 135. Defendant Harold Hakes is a registered representative of MIS.
12 In that capacity, he sold securities to third parties that have claimed, or are
13 expected to claim, damages as a result of acts and omissions in connection
14 with sale of such securities. Defendant is a resident of Washington.

15 136. Defendant Lawrence W. Hale is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of Spokane,
19 Washington.

20 137. Defendant John E. Hamilton is a registered representative of
21 MIS. In that capacity, he sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of
24 Jacksonville, Florida.

25 138. Defendant Dwight L. Hammack is a registered representative
26 of MIS. In that capacity, he sold securities to third parties that have
27 claimed, or are expected to claim, damages as a result of acts and omissions
28

1 in connection with sale of such securities. Defendant is a resident of
2 Portland, Oregon.

3 139. Defendant James F. Hansen is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of Tacoma,
7 Washington.

8 140. Defendant Denton W. Hardee, Sr. is a registered representative
9 of MIS. In that capacity, he sold securities to third parties that have
10 claimed, or are expected to claim, damages as a result of acts and omissions
11 in connection with sale of such securities. Defendant is a resident of
12 Durham, North Carolina.

13 141. Defendant Steve Haug is a registered representative of MIS.
14 In that capacity, he sold securities to third parties that have claimed, or are
15 expected to claim, damages as a result of acts and omissions in connection
16 with sale of such securities. Defendant is a resident of Vancouver,
17 Washington.

18 142. Defendant Roger Heithaus is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of Tucson,
22 Arizona.

23 143. Defendant Robin L. Helms is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of
27 Escondido, California.

1 144. Defendant David Owen Hess is a registered representative of
2 MIS. In that capacity, he sold securities to third parties that have claimed,
3 or are expected to claim, damages as a result of acts and omissions in
4 connection with sale of such securities. Defendant is a resident of
5 Bellingham, Washington.

6 145. Defendant Colleen R. Hill is a registered representative of
7 MIS. In that capacity, she sold securities to third parties that have claimed,
8 or are expected to claim, damages as a result of acts and omissions in
9 connection with sale of such securities. Defendant is a resident of Black
10 Eagle, Montana.

11 146. Defendant Steven H. Holmes is a registered representative of
12 MIS. In that capacity, he sold securities to third parties that have claimed,
13 or are expected to claim, damages as a result of acts and omissions in
14 connection with sale of such securities. Defendant is a resident of Olympia,
15 Washington.

16 147. Defendant Barry Hoopes is a registered representative of MIS.
17 In that capacity, he sold securities to third parties that have claimed, or are
18 expected to claim, damages as a result of acts and omissions in connection
19 with sale of such securities. Defendant is a resident of Pocatello, Idaho.

20 148. Defendant Robert J. Hoover is a registered representative of
21 MIS. In that capacity, he sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of West
24 Linn, Oregon.

25 149. Defendant Anthony Horpel is a registered representative of
26 MIS. In that capacity, he sold securities to third parties that have claimed,
27 or are expected to claim, damages as a result of acts and omissions in
28

1 connection with sale of such securities. Defendant is a resident of
2 Veradale, Washington.

3 150. Defendant Lee M. Howe is a registered representative of MIS.
4 In that capacity, he sold securities to third parties that have claimed, or are
5 expected to claim, damages as a result of acts and omissions in connection
6 with sale of such securities. Defendant is a resident of Oakland, California.

7 151. Defendant Gary T. Hundebly is a registered representative of
8 MIS. In that capacity, he sold securities to third parties that have claimed,
9 or are expected to claim, damages as a result of acts and omissions in
10 connection with sale of such securities. Defendant is a resident of
11 University, Washington.

12 152. Defendant Judith Hundebly is a registered representative of
13 MIS. In that capacity, she sold securities to third parties that have claimed,
14 or are expected to claim, damages as a result of acts and omissions in
15 connection with sale of such securities. Defendant is a resident of
16 University, Washington.

17 153. Defendant William C. Hunt is a registered representative of
18 MIS. In that capacity, he sold securities to third parties that have claimed,
19 or are expected to claim, damages as a result of acts and omissions in
20 connection with sale of such securities. Defendant is a resident of Olympia,
21 Washington.

22 154. Defendant James B. Hunter a registered representative of MIS.
23 In that capacity, he sold securities to third parties that have claimed, or are
24 expected to claim, damages as a result of acts and omissions in connection
25 with sale of such securities. Defendant is a resident of Spokane,
26 Washington.

1 155. Defendants allege on information and belief that IMIS, IMIS
2 ADMIN, and Institutional Sales Group are entities of an unknown form that
3 are registered representative of MIS. In that capacity, these entities sold
4 securities to third parties that have claimed, or are expected to claim,
5 damages as a result of acts and omissions in connection with sale of such
6 securities. Plaintiffs allege on information and belief that these entities do
7 business in Spokane, Washington and are affiliated with Metropolitan.

8 156. Defendant Emily G. Irish is a registered representative of MIS.
9 In that capacity, she sold securities to third parties that have claimed, or are
10 expected to claim, damages as a result of acts and omissions in connection
11 with sale of such securities. Defendant is a resident of Missoula, Montana.

12 157. Defendants Irving & Associates Insurance Services Inc., and
13 its principals/employees, Robin Helms and Justin T. Irving, are registered
14 representatives of MIS. In that capacity, they sold securities to third parties
15 that have claimed, or are expected to claim, damages as a result of acts and
16 omissions in connection with sale of such securities. Defendant Irving &
17 Associates Insurance Services Inc. is a resident of California

18 158. Defendant Justin T. Irving is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of Lamesa,
22 California.

23 159. Defendant Bob A. Jackson is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Boise,
27 Idaho.

1 160. Defendant Craig Jewett is a registered representative of MIS.
2 In that capacity, he sold securities to third parties that have claimed, or are
3 expected to claim, damages as a result of acts and omissions in connection
4 with sale of such securities. Defendant is a resident of Salt Lake City, Utah.

5 161. Defendant Clifford D. Johanning is a registered representative
6 of MIS. In that capacity, he sold securities to third parties that have
7 claimed, or are expected to claim, damages as a result of acts and omissions
8 in connection with sale of such securities. Defendant is a resident of Las
9 Vegas, Nevada.

10 162. Defendant Edward H. John is a registered representative of
11 MIS. In that capacity, he sold securities to third parties that have claimed,
12 or are expected to claim, damages as a result of acts and omissions in
13 connection with sale of such securities. Defendant is a resident of Tacoma,
14 Washington.

15 163. Defendant Donald R. Johnson is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of San
19 Diego, California.

20 164. Defendant Richard H. Kingsley is a registered representative
21 of MIS. In that capacity, he sold securities to third parties that have
22 claimed, or are expected to claim, damages as a result of acts and omissions
23 in connection with sale of such securities. Defendant is a resident of
24 Stayton, Oregon.

25 165. Defendant Kevin Knapp is a registered representative of MIS.
26 In that capacity, he sold securities to third parties that have claimed, or are
27 expected to claim, damages as a result of acts and omissions in connection
28

1 with sale of such securities. Defendant is a resident of Spokane,
2 Washington.

3 166. Defendant James B Konek is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of
7 University, Washington.

8 167. Defendants Kovack Securities Inc., and its principal/employee,
9 Lori Masterson, are registered representatives of MIS. In that capacity, they
10 sold securities to third parties that have claimed, or are expected to claim,
11 damages as a result of acts and omissions in connection with sale of such
12 securities. Defendant Kovack Securities Inc. is a resident of Washington
13 state.

14 168. Defendant Shayne D. Kuebler is a registered representative of
15 MIS. In that capacity, he sold securities to third parties that have claimed,
16 or are expected to claim, damages as a result of acts and omissions in
17 connection with sale of such securities. Defendant is a resident of Hayden,
18 Idaho.

19 169. Defendant Christopher L. Landa is a registered representative
20 of MIS. In that capacity, he sold securities to third parties that have
21 claimed, or are expected to claim, damages as a result of acts and omissions
22 in connection with sale of such securities. Defendant is a resident of
23 Edmonds, Washington.

24 170. Defendant William B. Laney, Jr. is a registered representative
25 of MIS. In that capacity, he sold securities to third parties that have
26 claimed, or are expected to claim, damages as a result of acts and omissions
27

1 in connection with sale of such securities. Defendant is a resident of
2 Edmonds, Washington.

3 171. Defendant Peter J. Laney is a registered representative of MIS.
4 In that capacity, he sold securities to third parties that have claimed, or are
5 expected to claim, damages as a result of acts and omissions in connection
6 with sale of such securities. Defendant is a resident of Puyallup,
7 Washington.

8 172. Defendant Thomas L. Larson is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of La Jolla,
12 California.

13 173. Defendant William R. Latimer III is a registered representative
14 of MIS. In that capacity, he sold securities to third parties that have
15 claimed, or are expected to claim, damages as a result of acts and omissions
16 in connection with sale of such securities. Defendant is a resident of San
17 Diego, California.

18 174. Defendant Michael D. Laws is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of Spokane,
22 Washington.

23 175. Defendant James W. Lee, Jr. is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Portland,
27 Oregon.

1 176. Defendant Joseph Lee is a registered representative of MIS. In
2 that capacity, he sold securities to third parties that have claimed, or are
3 expected to claim, damages as a result of acts and omissions in connection
4 with sale of such securities. Defendant is a resident of Lewiston, Idaho.

5 177. Defendant G. Tad Lindsey is a registered representative of
6 MIS. In that capacity, he sold securities to third parties that have claimed,
7 or are expected to claim, damages as a result of acts and omissions in
8 connection with sale of such securities. Defendant is a resident of
9 Centerville, Utah.

10 178. Defendant LLC Elite Investments is an entity of unknown
11 form that is a registered representative of MIS. In that capacity, it sold
12 securities to third parties that have claimed, or are expected to claim,
13 damages as a result of acts and omissions in connection with sale of such
14 securities. Defendant does business in Greeley, Colorado.

15 179. Defendant Shannon Theresa Loughery is a registered
16 representative of MIS. In that capacity, she sold securities to third parties
17 that have claimed, or are expected to claim, damages as a result of acts and
18 omissions in connection with sale of such securities. Defendant is a
19 resident of North Bend, Washington.

20 180. Defendant Lorraine M. Lucas is a registered representative of
21 MIS. In that capacity, she sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of
24 Veradale, Washington.

25 181. Defendant Valerie Maciver is a registered representative of
26 MIS. In that capacity, she sold securities to third parties that have claimed,
27 or are expected to claim, damages as a result of acts and omissions in
28

1 connection with sale of such securities. Defendant is a resident of Spokane,
2 Washington.

3 182. Defendant Jeanette L. Mack is a registered representative of
4 MIS. In that capacity, she sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of Spokane,
7 Washington.

8 183. Defendant Edward V. Mangis is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of Helena,
12 Montana.

13 184. Defendant Jeffrey B. Marasso is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Bonita,
17 California.

18 185. Defendant Jeanette Martin is a registered representative of
19 MIS. In that capacity, she sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of Spokane,
22 Washington.

23 186. Defendant Lori Masterson is a registered representative of
24 MIS. In that capacity, she sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Spokane,
27 Washington.

28
COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 44 -

SEATTLE\466813\1 159010.000

LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3071

1 187. Defendant Gail K. Matsushima is a registered representative of
2 MIS. In that capacity, she sold securities to third parties that have claimed,
3 or are expected to claim, damages as a result of acts and omissions in
4 connection with sale of such securities. Defendant is a resident of San
5 Diego, California.

6 188. Defendant Ronald H. Mayfield is a registered representative of
7 MIS. In that capacity, he sold securities to third parties that have claimed,
8 or are expected to claim, damages as a result of acts and omissions in
9 connection with sale of such securities. Defendant is a resident of Spokane,
10 Washington.

11 189. Defendant Ryan R. Moffatt is a registered representative of
12 MIS. In that capacity, he sold securities to third parties that have claimed,
13 or are expected to claim, damages as a result of acts and omissions in
14 connection with sale of such securities. Defendant is a resident of Walnut
15 Creek, California.

16 190. Defendant Pamela S. McClenny is a registered representative
17 of MIS. In that capacity, she sold securities to third parties that have
18 claimed, or are expected to claim, damages as a result of acts and omissions
19 in connection with sale of such securities. Defendant is a resident of Boise,
20 Idaho.

21 191. Defendant Jeff David Mcelroy is a registered representative of
22 MIS. In that capacity, he sold securities to third parties that have claimed,
23 or are expected to claim, damages as a result of acts and omissions in
24 connection with sale of such securities. Defendant is a resident of
25 Missoula, Montana.

26 192. Defendant Jerry K. McFarlane is a registered representative of
27 MIS. In that capacity, he sold securities to third parties that have claimed,
28

1 or are expected to claim, damages as a result of acts and omissions in
2 connection with sale of such securities. Defendant is a resident of Spokane,
3 Washington.

4 193. Defendant Alvin L. McGill is a registered representative of
5 MIS. In that capacity, he sold securities to third parties that have claimed,
6 or are expected to claim, damages as a result of acts and omissions in
7 connection with sale of such securities. Defendant is a resident of Seattle,
8 Washington.

9 194. Defendant Shawna M. Mckinney is a registered representative
10 of MIS. In that capacity, she sold securities to third parties that have
11 claimed, or are expected to claim, damages as a result of acts and omissions
12 in connection with sale of such securities. Defendant is a resident of
13 Yakima, Washington.

14 195. Defendant Michael H. McMillen is a registered representative
15 of MIS. In that capacity, he sold securities to third parties that have
16 claimed, or are expected to claim, damages as a result of acts and omissions
17 in connection with sale of such securities. Defendant is a resident of White
18 Salmon, Washington.

19 196. Defendant Whitney L. McQueen is a registered representative
20 of MIS. In that capacity, he sold securities to third parties that have
21 claimed, or are expected to claim, damages as a result of acts and omissions
22 in connection with sale of such securities. Defendant is a resident of Sandy,
23 Utah.

24 197. Defendant Theodore R. Metoyer is a registered representative
25 of MIS. In that capacity, he sold securities to third parties that have
26 claimed, or are expected to claim, damages as a result of acts and omissions
27

1 in connection with sale of such securities. Defendant is a resident of Nine
2 Mile Falls, Washington.

3 198. Defendants Miller & Laws Associates LLC, and its
4 principals/employees, Lamar Miller, Annette Miller, Michael Laws, and
5 Chris Sullivan are registered representatives of MIS. In that capacity, they
6 sold securities to third parties that have claimed, or are expected to claim,
7 damages as a result of acts and omissions in connection with sale of such
8 securities. Defendant Miller & Laws Associates LLC is a resident of
9 Washington.

10 199. Defendant Annette O. Miller is a registered representative of
11 MIS. In that capacity, she sold securities to third parties that have claimed,
12 or are expected to claim, damages as a result of acts and omissions in
13 connection with sale of such securities. Defendant is a resident of Spokane,
14 Washington.

15 200. Defendant Lamar J. Miller is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of Spokane,
19 Washington.

20 201. Defendant Muriel F. Miller is a registered representative of
21 MIS. In that capacity, she sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of Kent,
24 Washington.

25 202. Defendant Nathan M. Minzghor is a registered representative
26 of MIS. In that capacity, he sold securities to third parties that have
27 claimed, or are expected to claim, damages as a result of acts and omissions
28

1 in connection with sale of such securities. Defendant is a resident of
2 Hayden Lake, Idaho.

3 203. Defendant Michael Morris is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of Portland,
7 Oregon.

8 204. Defendant Tyler J. Nagel is a registered representative of MIS.
9 In that capacity, he sold securities to third parties that have claimed, or are
10 expected to claim, damages as a result of acts and omissions in connection
11 with sale of such securities. Defendant is a resident of Portland, Oregon.

12 205. Defendant Richard Nail is a registered representative of MIS.
13 In that capacity, he sold securities to third parties that have claimed, or are
14 expected to claim, damages as a result of acts and omissions in connection
15 with sale of such securities. Defendant is a resident of Hayden, Idaho.

16 206. Defendant William G. Nixon is a registered representative of
17 MIS. In that capacity, he sold securities to third parties that have claimed,
18 or are expected to claim, damages as a result of acts and omissions in
19 connection with sale of such securities. Defendant is a resident of Coeur
20 D'Alene, Idaho.

21 207. Defendant Charles F. Noel is a registered representative of
22 MIS. In that capacity, he sold securities to third parties that have claimed,
23 or are expected to claim, damages as a result of acts and omissions in
24 connection with sale of such securities. Defendant is a resident of
25 Mountlake, Washington.

26 208. Defendant Maurice Nollette is a registered representative of
27 MIS. In that capacity, he sold securities to third parties that have claimed,
28

1 or are expected to claim, damages as a result of acts and omissions in
2 connection with sale of such securities. Defendant is a resident of Spokane,
3 Washington.

4 209. Defendant James F. O'Connell is a registered representative of
5 MIS. In that capacity, he sold securities to third parties that have claimed,
6 or are expected to claim, damages as a result of acts and omissions in
7 connection with sale of such securities. Defendant is a resident of Spokane,
8 Washington.

9 210. Defendant Kristine O'Connell is a registered representative of
10 MIS. In that capacity, she sold securities to third parties that have claimed,
11 or are expected to claim, damages as a result of acts and omissions in
12 connection with sale of such securities. Defendant is a resident of Spokane,
13 Washington.

14 211. Defendants O'Hara Investment Services, P.C., and its
15 principal/employee, David A. O'Hara, are registered representatives of
16 MIS. In that capacity, they sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of Spokane,
19 Washington

20 212. Defendant David A. O'Hara is a registered representative of
21 MIS. In that capacity, he sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant O'Hara Investment
24 Services, P.C. is a resident of Montana.

25 213. Defendant Dwight O'Hara is a registered representative of
26 MIS. In that capacity, he sold securities to third parties that have claimed,
27 or are expected to claim, damages as a result of acts and omissions in
28

1 connection with sale of such securities. Defendant is a resident of
2 Anaconda, Montana.

3 214. Defendant Toni-Jean M. O'Hara is a registered representative
4 of MIS. In that capacity, she sold securities to third parties that have
5 claimed, or are expected to claim, damages as a result of acts and omissions
6 in connection with sale of such securities. Defendant is a resident of
7 Missoula, Montana.

8 215. Defendant Alfred Olsen is a registered representative of MIS.
9 In that capacity, he sold securities to third parties that have claimed, or are
10 expected to claim, damages as a result of acts and omissions in connection
11 with sale of such securities. Defendant is a resident of Spokane,
12 Washington.

13 216. Defendant Diana M. Ortiz is a registered representative of
14 MIS. In that capacity, she sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Gig
17 Harbor, Washington.

18 217. Defendants Oxford Financial Group Inc., and Kimball Doxey,
19 its principal/employee, are registered representatives of MIS. In that
20 capacity, they sold securities to third parties that have claimed, or are
21 expected to claim, damages as a result of acts and omissions in connection
22 with sale of such securities. Defendant Oxford Financial Group Inc. is a
23 resident of Utah.

24 218. Defendants PJM & Associates Inc., and its principal officers,
25 Patricia J. Sears-Million and William E. Sears are registered representatives
26 of MIS. In that capacity, they sold securities to third parties that have
27 claimed, or are expected to claim, damages as a result of acts and omissions
28

1 in connection with sale of such securities. Defendant PJM & Associates Inc
2 is a resident of Oregon.

3 219. Defendants Pacific West Securities Inc., and its
4 principals/employees, Daniel Adams, Suzanne Adams, Gordon Adams, and
5 Elizabeth Adams Armstrong, are registered representatives of MIS. In that
6 capacity, they sold securities to third parties that have claimed, or are
7 expected to claim, damages as a result of acts and omissions in connection
8 with sale of such securities. Defendant Pacific West Securities Inc. is a
9 resident of Washington state.

10 220. Defendant Laurie L. Page is a registered representative of MIS.
11 In that capacity, she sold securities to third parties that have claimed, or are
12 expected to claim, damages as a result of acts and omissions in connection
13 with sale of such securities. Defendant is a resident of Billings, Montana.

14 221. Defendant Thomas O. Park is a registered representative of
15 MIS. In that capacity, he sold securities to third parties that have claimed,
16 or are expected to claim, damages as a result of acts and omissions in
17 connection with sale of such securities. Defendant is a resident of Yuma,
18 Arizona.

19 222. Defendant Bruce J. Patras is a registered representative of
20 MIS. In that capacity, he sold securities to third parties that have claimed,
21 or are expected to claim, damages as a result of acts and omissions in
22 connection with sale of such securities. Defendant is a resident of Zephyr
23 Cove, Nevada.

24 223. Defendant John M. Pearson is a registered representative of
25 MIS. In that capacity, he sold securities to third parties that have claimed,
26 or are expected to claim, damages as a result of acts and omissions in
27

1 connection with sale of such securities. Defendant is a resident of
2 Hillsboro, Oregon.

3 224. Defendant Michele P. Pederson is a registered representative
4 of MIS. In that capacity, she sold securities to third parties that have
5 claimed, or are expected to claim, damages as a result of acts and omissions
6 in connection with sale of such securities. Defendant is a resident of
7 Helena, Montana.

8 225. Defendant Ronald N. Pellegrino is a registered representative
9 of MIS. In that capacity, he sold securities to third parties that have
10 claimed, or are expected to claim, damages as a result of acts and omissions
11 in connection with sale of such securities. Defendant is a resident of
12 Spokane, Washington.

13 226. Defendant Patrick G. Peterson is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Federal
17 Way, Washington.

18 227. Defendant Ryan S. Peterson is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of Eugene,
22 Oregon.

23 228. Defendant Charles J. Phelan is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of
27 Encinitas, California.

1 229. Defendant David Pidcock is a registered representative of MIS.
2 In that capacity, he sold securities to third parties that have claimed, or are
3 expected to claim, damages as a result of acts and omissions in connection
4 with sale of such securities. Defendant is a resident of Lagrande, Oregon.

5 230. Defendant Tony Pizelo is a registered representative of MIS.
6 In that capacity, he sold securities to third parties that have claimed, or are
7 expected to claim, damages as a result of acts and omissions in connection
8 with sale of such securities. Defendant is a resident of Deer Park,
9 Washington.

10 231. Defendant Aaron V. Porter is a registered representative of
11 MIS. In that capacity, he sold securities to third parties that have claimed,
12 or are expected to claim, damages as a result of acts and omissions in
13 connection with sale of such securities. Defendant is a resident of Hayden
14 Lake, Idaho.

15 232. Defendant K. Byron Porter is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of Ogden,
19 Utah.

20 233. Defendant Mark G. Powers is a registered representative of
21 MIS. In that capacity, he sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of Spokane,
24 Washington.

25 234. Defendant Paul D. Pratt is a registered representative of MIS.
26 In that capacity, he sold securities to third parties that have claimed, or are
27

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Hayden Lake, Idaho.

3 235. Defendant Brent Price is a registered representative of MIS. In
4 that capacity, he sold securities to third parties that have claimed, or are
5 expected to claim, damages as a result of acts and omissions in connection
6 with sale of such securities. Defendant is a resident of Tacoma,
7 Washington.

8 236. Defendant Proactive Financial is a registered representative of
9 MIS. In that capacity, it sold securities to third parties that have claimed, or
10 are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is an entity of unknown
12 form doing business in Olympia, Washington.

13 237. Defendant Michael L. Proffitt is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Spokane,
17 Washington.

18 238. Defendant Christopher J. Racicot is a registered representative
19 of MIS. In that capacity, he sold securities to third parties that have
20 claimed, or are expected to claim, damages as a result of acts and omissions
21 in connection with sale of such securities. Defendant is a resident of
22 Helena, Montana.

23 239. Defendant Berthold Regar is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of
27 Missoula, Montana.

1 240. Defendant Alfred N. Rettenmier is a registered representative
2 of MIS. In that capacity, he sold securities to third parties that have
3 claimed, or are expected to claim, damages as a result of acts and omissions
4 in connection with sale of such securities. Defendant is a resident of Lacey,
5 Washington.

6 241. Defendant Marvin Ray Reynolds is a registered representative
7 of MIS. In that capacity, he sold securities to third parties that have
8 claimed, or are expected to claim, damages as a result of acts and omissions
9 in connection with sale of such securities. Defendant is a resident of
10 Inkom, Idaho.

11 242. Defendant Peter F. Reynolds is a registered representative of
12 MIS. In that capacity, he sold securities to third parties that have claimed,
13 or are expected to claim, damages as a result of acts and omissions in
14 connection with sale of such securities. Defendant is a resident of Portland,
15 Oregon.

16 243. Defendant Steven C. Riley is a registered representative of
17 MIS. In that capacity, he sold securities to third parties that have claimed,
18 or are expected to claim, damages as a result of acts and omissions in
19 connection with sale of such securities. Defendant is a resident of
20 Hermiston, Oregon.

21 244. Defendant Robert Schwartz is a registered representative of
22 MIS. In that capacity, he sold securities to third parties that have claimed,
23 or are expected to claim, damages as a result of acts and omissions in
24 connection with sale of such securities. Defendant is a resident of Seattle,
25 Washington.

26 245. Defendant Marilou Rowe is a registered representative of MIS.
27 In that capacity, she sold securities to third parties that have claimed, or are
28

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Palm Desert,
3 California.

4 246. Defendants Saccomanno Financial Services Inc., and its
5 principals/employees, Mario Saccomanno, Randal Saccomanno, Ryan
6 Saccomanno, and Ronald Saccomanno, are registered representatives of
7 MIS. In that capacity, they sold securities to third parties that have claimed,
8 or are expected to claim, damages as a result of acts and omissions in
9 connection with sale of such securities. Defendant Saccomanno Financial
10 Services Inc. is a resident of Washington.

11 247. Defendant Mario J. Saccomanno is a registered representative
12 of MIS. In that capacity, he sold securities to third parties that have
13 claimed, or are expected to claim, damages as a result of acts and omissions
14 in connection with sale of such securities. Defendant is a resident of
15 Spokane, Washington.

16 248. Defendant Randal Saccomanno is a registered representative of
17 MIS. In that capacity, he sold securities to third parties that have claimed,
18 or are expected to claim, damages as a result of acts and omissions in
19 connection with sale of such securities. Defendant is a resident of Spokane,
20 Washington.

21 249. Defendant Ronald Saccomanno is a registered representative
22 of MIS. In that capacity, he sold securities to third parties that have
23 claimed, or are expected to claim, damages as a result of acts and omissions
24 in connection with sale of such securities. Defendant is a resident of
25 Spokane, Washington.

26 250. Defendant Ryan Saccomanno is a registered representative of
27 MIS. In that capacity, he sold securities to third parties that have claimed,
28

1 or are expected to claim, damages as a result of acts and omissions in
2 connection with sale of such securities. Defendant is a resident of Spokane,
3 Washington.

4 251. Defendant Jagdish Kumar Saini is a registered representative
5 of MIS. In that capacity, he sold securities to third parties that have
6 claimed, or are expected to claim, damages as a result of acts and omissions
7 in connection with sale of such securities. Defendant is a resident of Bay
8 Point, California.

9 252. Defendant Gregory A. Sangster is a registered representative
10 of MIS. In that capacity, he sold securities to third parties that have
11 claimed, or are expected to claim, damages as a result of acts and omissions
12 in connection with sale of such securities. Defendant is a resident of
13 Stevensville, Montana.

14 253. Defendant Rafael F. Santiago is a registered representative of
15 MIS. In that capacity, he sold securities to third parties that have claimed,
16 or are expected to claim, damages as a result of acts and omissions in
17 connection with sale of such securities. Defendant is a resident of Stayton,
18 Las Vegas, Nevada.

19 254. Defendant Richard R. Sassara II is a registered representative
20 of MIS. In that capacity, he sold securities to third parties that have
21 claimed, or are expected to claim, damages as a result of acts and omissions
22 in connection with sale of such securities. Defendant is a resident of
23 Vashon, Washington.

24 255. Defendant Mark Sather is a registered representative of MIS.
25 In that capacity, he sold securities to third parties that have claimed, or are
26 expected to claim, damages as a result of acts and omissions in connection
27

1 with sale of such securities. Defendant is a resident of Spokane,
2 Washington.

3 256. Defendant Lee Scharenberg is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of Coeur
7 D'Alene, Idaho.

8 257. Defendant David Schwartz is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of Spokane,
12 Washington.

13 258. Defendant James A. Schwarz is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of
17 Woodinville, Washington.

18 259. Defendants Robert W. Schwarz and Financial Services
19 Corporation are registered representatives of MIS. In that capacity, they
20 sold securities to third parties that have claimed, or are expected to claim,
21 damages as a result of acts and omissions in connection with sale of such
22 securities. Defendant Schwartz is a resident of Eastsound, Washington, and
23 Defendant Financial Services Corporation does business in Seattle,
24 Washington.

25 260. Defendant William Sears is a registered representative of MIS.
26 In that capacity, he sold securities to third parties that have claimed, or are
27

1 expected to claim, damages as a result of acts and omissions in connection
2 with sale of such securities. Defendant is a resident of Portland, Oregon.

3 261. Defendant Patricia J. Sears-Million is a registered
4 representative of MIS. In that capacity, she sold securities to third parties
5 that have claimed, or are expected to claim, damages as a result of acts and
6 omissions in connection with sale of such securities. Defendant is a
7 resident of Portland, Oregon.

8 262. Defendant Steven L. Severson is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of Spokane,
12 Washington.

13 263. Defendant Daniel D. Shea is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Irvine,
17 California.

18 264. Defendant David Larry Smith is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of Portland,
22 Oregon.

23 265. Defendant Jennifer L. Smith is a registered representative of
24 MIS. In that capacity, she sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Spokane,
27 Washington.

1 266. Defendant Diane L. Snyder is a registered representative of
2 MIS. In that capacity, she sold securities to third parties that have claimed,
3 or are expected to claim, damages as a result of acts and omissions in
4 connection with sale of such securities. Defendant is a resident of Spokane,
5 Washington.

6 267. Defendant Dale Soutas is a registered representative of MIS.
7 In that capacity, he sold securities to third parties that have claimed, or are
8 expected to claim, damages as a result of acts and omissions in connection
9 with sale of such securities. Defendant is a resident of Fresno, California.

10 268. Defendant Donna M. Steffens is a registered representative of
11 MIS. In that capacity, she sold securities to third parties that have claimed,
12 or are expected to claim, damages as a result of acts and omissions in
13 connection with sale of such securities. Defendant is a resident of O'Brien,
14 Oregon.

15 269. Defendant Terry E. Stratton is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of
19 Missoula, Montana.

20 270. Defendant John Stringham is a registered representative of
21 MIS. In that capacity, he sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of
24 Bountiful, Utah.

25 271. Defendant Christopher Sullivan is a registered representative
26 of MIS. In that capacity, he sold securities to third parties that have
27 claimed, or are expected to claim, damages as a result of acts and omissions
28

1 in connection with sale of such securities. Defendant is a resident of
2 Spokane, Washington.

3 272. Defendant John B. Sullivan is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of
7 Lewiston, Idaho.

8 273. Defendant Reuel C. Swanson is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of Spokane,
12 Washington.

13 274. Defendant Calvin R. Tadema is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Brush
17 Prairie, Washington.

18 275. Defendant Rodney E. Taverna is a registered representative of
19 MIS. In that capacity, he sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of
22 Oceanside, California.

23 276. Defendant Richard Tavis is a registered representative of MIS.
24 In that capacity, he sold securities to third parties that have claimed, or are
25 expected to claim, damages as a result of acts and omissions in connection
26 with sale of such securities. Defendant is a resident of Moscow, Idaho.
27
28

1 277. Defendant Richard H. Taylor is a registered representative of
2 MIS. In that capacity, he sold securities to third parties that have claimed,
3 or are expected to claim, damages as a result of acts and omissions in
4 connection with sale of such securities. Defendant is a resident of Polson,
5 Montana.

6 278. Defendant Paul C. Theile is a registered representative of MIS.
7 In that capacity, he sold securities to third parties that have claimed, or are
8 expected to claim, damages as a result of acts and omissions in connection
9 with sale of such securities. Defendant is a resident of Las Vegas, Nevada.

10 279. Defendant Joyce A. Theis is a registered representative of
11 MIS. In that capacity, she sold securities to third parties that have claimed,
12 or are expected to claim, damages as a result of acts and omissions in
13 connection with sale of such securities. Defendant is a resident of Salem,
14 Oregon.

15 280. Defendant E. Scott Tinder is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of Spokane,
19 Washington.

20 281. Defendant Michael E. Tomren is a registered representative of
21 MIS. In that capacity, he sold securities to third parties that have claimed,
22 or are expected to claim, damages as a result of acts and omissions in
23 connection with sale of such securities. Defendant is a resident of Walnut
24 Creek, California.

25 282. Defendant M. Bret Umek is a registered representative of MIS.
26 In that capacity, he sold securities to third parties that have claimed, or are
27 expected to claim, damages as a result of acts and omissions in connection
28

1 with sale of such securities. Defendant is a resident of Escondido,
2 California.

3 283. Defendant Mark A. Umek is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of
7 Escondido, California.

8 284. Defendant Stephen J. Vrtiska is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of
12 Hillsboro, Oregon.

13 285. Defendant Susan L. Walker is a registered representative of
14 MIS. In that capacity, she sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Spokane,
17 Washington.

18 286. Plaintiffs are informed and believe that Defendant Walla
19 Walla, an entity of unknown form, is an employer of defendants Daniel
20 Adams, Suzanne Adams, Gordon Adams, and Elizabeth Adams Armstrong,
21 who are registered representatives of MIS. In that capacity, they sold
22 securities to third parties that have claimed, or are expected to claim,
23 damages as a result of acts and omissions in connection with sale of such
24 securities. Defendant Walla Walla has its principal place of business in
25 Walla Walla, Washington.

26 287. Defendant Leslie A. Walter is a registered representative of
27 MIS. In that capacity, she sold securities to third parties that have claimed,
28

1 or are expected to claim, damages as a result of acts and omissions in
2 connection with sale of such securities. Defendant is a resident of San
3 Diego, California.

4 288. Defendant Jerry L. Ward is a registered representative of MIS.
5 In that capacity, he sold securities to third parties that have claimed, or are
6 expected to claim, damages as a result of acts and omissions in connection
7 with sale of such securities. Defendant is a resident of Spokane,
8 Washington.

9 289. Defendant Jeff Watchman is a registered representative of
10 MIS. In that capacity, he sold securities to third parties that have claimed,
11 or are expected to claim, damages as a result of acts and omissions in
12 connection with sale of such securities. Defendant is a resident of Olympia,
13 Washington.

14 290. Defendant Carl C. Weisner is a registered representative of
15 MIS. In that capacity, he sold securities to third parties that have claimed,
16 or are expected to claim, damages as a result of acts and omissions in
17 connection with sale of such securities. Defendant is a resident of Durham,
18 North Carolina.

19 291. Defendant Morris C. Weisner is a registered representative of
20 MIS. In that capacity, he sold securities to third parties that have claimed,
21 or are expected to claim, damages as a result of acts and omissions in
22 connection with sale of such securities. Defendant is a resident of Durham,
23 North Carolina.

24 292. Defendant James J. Werner is a registered representative of
25 MIS. In that capacity, he sold securities to third parties that have claimed,
26 or are expected to claim, damages as a result of acts and omissions in
27

1 connection with sale of such securities. Defendant is a resident of Portland,
2 Oregon.

3 293. Defendant David R. Whiting is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of Mesa,
7 Arizona.

8 294. Defendant Dale Whitney is a registered representative of MIS.
9 In that capacity, he sold securities to third parties that have claimed, or are
10 expected to claim, damages as a result of acts and omissions in connection
11 with sale of such securities. Defendant is a resident of Vancouver,
12 Washington.

13 295. Defendant Dee D. Whittier is a registered representative of
14 MIS. In that capacity, he sold securities to third parties that have claimed,
15 or are expected to claim, damages as a result of acts and omissions in
16 connection with sale of such securities. Defendant is a resident of Idaho
17 Falls, Idaho.

18 296. Defendant Evelyn L. Wichalm is a registered representative of
19 MIS. In that capacity, she sold securities to third parties that have claimed,
20 or are expected to claim, damages as a result of acts and omissions in
21 connection with sale of such securities. Defendant is a resident of
22 Missoula, Montana.

23 297. Defendant Mark R. Wilkerson is a registered representative of
24 MIS. In that capacity, he sold securities to third parties that have claimed,
25 or are expected to claim, damages as a result of acts and omissions in
26 connection with sale of such securities. Defendant is a resident of Spokane,
27 Washington.

1 298. Defendant Russell L. Wilkerson is a registered representative
2 of MIS. In that capacity, he sold securities to third parties that have
3 claimed, or are expected to claim, damages as a result of acts and omissions
4 in connection with sale of such securities. Defendant is a resident of
5 Spokane, Washington.

6 299. Defendant Jacqueline H. Wilkinson is a registered
7 representative of MIS. In that capacity, she sold securities to third parties
8 that have claimed, or are expected to claim, damages as a result of acts and
9 omissions in connection with sale of such securities. Defendant is a
10 resident of Beaverton, Oregon.

11 300. Defendant Betty J. Wise is a registered representative of MIS.
12 In that capacity, she sold securities to third parties that have claimed, or are
13 expected to claim, damages as a result of acts and omissions in connection
14 with sale of such securities. Defendant is a resident of Kalispell, Montana.

15 301. Defendant Larry Wiseman is a registered representative of
16 MIS. In that capacity, he sold securities to third parties that have claimed,
17 or are expected to claim, damages as a result of acts and omissions in
18 connection with sale of such securities. Defendant is a resident of
19 Vancouver, Washington.

20 302. Defendant Robert Wolfenbarger is a registered representative
21 of MIS. In that capacity, he sold securities to third parties that have
22 claimed, or are expected to claim, damages as a result of acts and omissions
23 in connection with sale of such securities. Defendant is a resident of
24 Pocatello, Idaho.

25 303. Defendant Kevin M. Wright is a registered representative of
26 MIS. In that capacity, he sold securities to third parties that have claimed,
27 or are expected to claim, damages as a result of acts and omissions in
28

1 connection with sale of such securities. Defendant is a resident of Seattle,
2 Washington.

3 304. Defendant Lloyd F. Wright is a registered representative of
4 MIS. In that capacity, he sold securities to third parties that have claimed,
5 or are expected to claim, damages as a result of acts and omissions in
6 connection with sale of such securities. Defendant is a resident of Spokane,
7 Washington.

8 305. Defendant David C. Yoder is a registered representative of
9 MIS. In that capacity, he sold securities to third parties that have claimed,
10 or are expected to claim, damages as a result of acts and omissions in
11 connection with sale of such securities. Defendant is a resident of
12 Lagrande, Oregon.

13 306. Defendant Kevin Yunger is a registered representative of MIS.
14 In that capacity, he sold securities to third parties that have claimed, or are
15 expected to claim, damages as a result of acts and omissions in connection
16 with sale of such securities. Defendant is a resident of Sandpoint, Idaho.

17 **Doe Defendants**

18 307. Plaintiffs do not know the true names of defendants sued
19 herein as Does 1 through 50, inclusive, and therefore sues these defendants
20 by such fictitious names. Upon information and belief Plaintiffs allege that
21 each of the defendants sued herein as a Doe is a Corporate Insured or a past
22 or present officer, director, employee and / or registered representative of
23 one or more of the Corporate Insureds who seek benefits under the D&O
24 Policy and / or the E&O Policy with respect to one or more of the
25 underlying actions and/or claims by third parties that have claimed, or are
26 expected to claim, damages as a result of acts and omissions in connection
27 with sale of the securities of the Corporate Insureds. Plaintiffs are informed
28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 67 -

SEATTLE\466813\1 159010.000

LAW OFFICES OF
COZEN O'CONNOR
A PROFESSIONAL CORPORATION
SUITE 5200
WASHINGTON MUTUAL TOWER
1201 THIRD AVENUE
SEATTLE, WASHINGTON 98101-3071

1 and believe and thereon allege that there exists complete diversity between
2 the Plaintiffs and each of the Doe defendants.

3 II.

4 **JURISDICTION, VENUE & GENERAL ALLEGATIONS**

5 308. This Court has jurisdiction over this adversary proceeding
6 pursuant to 28 U.S.C. §§ 1334(b), 157(a) and (c) in that this adversary
7 proceeding is related to the Chapter 11 case commenced by Debtor. This
8 adversary proceeding is not a core proceeding under 28 U.S.C. § 157.
9 National Union and AISLIC respectfully decline to consent to the entry of
10 final orders and judgment by the Bankruptcy Court. Further, National
11 Union and AISLIC each reserve their respective rights to seek withdrawal
12 of the reference of this adversary proceeding to the District Court pursuant
13 to 28 U.S.C. § 157(d). Venue for this adversary proceeding is proper in this
14 judicial district pursuant to 28 U.S.C. § 1409(a).

15 309. To the extent that this action is based on statutory
16 interpleader, subject matter jurisdiction exists because the amount in
17 dispute exceeds the statutory \$500 amount-in-dispute requirement and a
18 minimum of two claimants have diverse citizenship in relation to one
19 another within the meaning of 28 U.S.C. §§ 1335 and 1332.

20 310. Alternatively, to the extent that this action is based on FRCP
21 22 (applicable in adversary proceedings through FRBP 22), subject matter
22 jurisdiction exists because (1) Plaintiffs are diverse from Defendants within
23 the meaning of 28 U.S.C. § 1332 and (2) the policy proceeds at issue
24 exceed \$75,000.

25 III.

26 **FACTUAL BACKGROUND**

1 311. On October 22, 2003, the National Association of Securities
2 Dealers, Inc. ("NASD") and MIS entered into a "Letter of Acceptance,
3 Waiver and Consent." The NASD asserted that MIS engaged in
4 "fraudulent, deceptive and unethical practices relating to the sale of
5 securities" issued by MMS and SSI during the period January 2001 through
6 March 2003. The NASD also claimed that MIS had inadequate supervisory
7 systems in place, which allowed the violations to go undetected. The
8 NASD found that the MIS representatives were inexperienced and
9 inadequately supervised; that they down-played important risk factors,
10 including the fact that earnings were not sufficient to cover fixed charges,
11 including debenture obligations and stock dividends; that the MMS and SSI
12 proprietary products were high-risk, illiquid investments which were largely
13 marketed as conservative investments to investors with low risk tolerance.
14 A true and correct copy of the Letter of Acceptance is attached hereto as
15 Exhibit C. As a result of the Letter of Acceptance, Waiver and Consent,
16 MIS was censured, fined \$500,000, agreed to make restitution of \$2.8
17 million to certain investors and agreed to maintain an escrow account of
18 \$1 million for the benefit of additional investors.

19 312. The Letter of Acceptance, Waiver and Consent was publicly
20 announced on November 3, 2003.

21 313. On November 3, 2003 Metropolitan and Summit announced
22 temporary suspension of payments of monthly dividends on all series of
23 their respective Preferred Stock. On December 12, 2003 MIS announced its
24 intention to cease business. On December 19, 2003 the American Stock
25 Exchange indefinitely suspended trading of Summit, Metropolitan and
26 Western United Preferred Stock.
27
28

1 314. On January 20, 2004 Ernst & Young resigned as the
2 independent auditors for MMS, SSI, Western United and other subsidiaries
3 and withdrew its reports of all periods it had provided services from Fiscal
4 Year ending 9/30/99 to 9/30/02 and each quarter for the nine months ended
5 6/30/03.

6 315. Metropolitan and Summit filed for relief under Chapter 11 of
7 Title 11 of the United States Code (the "Bankruptcy Code") on February 4,
8 2004. Separate Unsecured Creditors' Committees were appointed by the
9 U.S. Trustee for the Metropolitan and Summit estates on February 13, 2003.
10 On February 4, 2004 MIS filed a voluntary petition for relief under Chapter
11 7 of the Bankruptcy Code. Bruce R. Boyton was appointed Chapter 7
12 Trustee for MIS pursuant to 11 U.S.C. § 701.

13 14 15 IV.

16 THE COMPETING CLAIMS AGAINST THE PROCEEDS OF THE 17 POLICIES

18 316. The National Union Policy has been subjected to numerous
19 conflicting and competitive claims, lawsuits, requests for reimbursement of
20 defense costs and other matters which greatly exceed the limited proceeds
21 available under this self-liquidating Policy. Upon information and belief,
22 the aggregate investment losses allegedly suffered by those who invested in
23 the Corporate Insureds may exceed \$600 million.

24 317. The AISLIC Policy has been subjected to numerous conflicting
25 and competitive claims, lawsuits, requests for reimbursement of defense
26 costs and other matters which greatly exceed the limited proceeds available
27 under this self-liquidating Policy. Upon information and belief, the
28

1 aggregate investment losses allegedly suffered by those who invested in the
2 Corporate Insureds may exceed \$600 million.

3 318. In an effort to resolve the numerous lawsuits and claims
4 against their respective insureds, Plaintiffs National Union and AISLIC
5 have participated with their insureds and the representatives of the various
6 claimants in an extended series of global mediation sessions under the
7 auspices of the Hon. Edward Infante (Ret.). These negotiations, which
8 extended over a period of approximately six months, failed to achieve a
9 global resolution of the claims against the insureds under the National
10 Union and AISLIC Policies, despite the best efforts of the Insurers, when
11 certain of the claimants withdrew from the settlement process.

12 319. The following lawsuits that include causes of action for, or
13 related to alleged securities violations (collectively the “Securities
14 Actions”) have been filed against one or more of the Insureds under the
15 National Union D&O and AISLIC E&O Policies:

16 a. A putative class action, Cauvel, et al. v. Metropolitan
17 Investment Securities Co., Inc., Case No. CV-04-0025-FVS, was filed in
18 the United States District Court for the Eastern District of Washington, on
19 January 20, 2004 (hereinafter the “Cauvel Class Action”). The Complaint
20 is entitled “Class Action Complaint For Violations of the Federal Securities
21 Laws” and seeks the following relief against certain current and former
22 directors and/or officers of the Debtors: 1) certification of the class period
23 January 1, 2001 through December 15, 2003; 2) compensatory damages or,
24 in the alternative, rescission; 3) pre-judgment and post-judgment interest as
25 well as reasonable attorneys’ fees, expert witness fees and other costs of
26 litigation; and 4) extraordinary, equitable, declaratory and/or injunctive
27 relief as permitted by law, equity and various federal statutory provisions
28

1 sued upon. On January 30, 2004, a First Amended Class Action Complaint
2 For Violations of the Federal Securities Laws was filed in the Cauvel Class
3 Action, naming additional defendants, including Ernst & Young, LLP.

4 b. A putative class action, Hall, et al. v. Metropolitan Mortgage &
5 Securities Co., Inc., et al., Case No. CV-04-0028-RHW, was filed in the
6 United States District Court for the Eastern District of Washington on
7 January 20, 2004 (hereinafter the “Hall Class Action”). The Complaint is
8 entitled “Class Action Complaint for (1) Violation of the Federal Securities
9 Laws; (2) Violation of the Washington Securities Act; (3) Negligence; and
10 (4) Unfair Business Practices” and seeks the following relief against
11 Metropolitan and certain current and former directors and/or officers of
12 Metropolitan: 1) recovery and restitution to Plaintiffs and other class
13 members; 2) compensatory, exemplary, and statutory damages and interest
14 thereon; 3) rescission or damages equivalent to rescission; 4) reasonable
15 costs and expenses, including counsel and expert fees; 5) appointment of a
16 receiver and creation of an equitable and/or constructive trust to preserve
17 and administer Plaintiffs’ and the putative class members’ investments; 6)
18 preservation of documents and electronic evidence for production in
19 discovery; and 7) barring Defendants’ future solicitation of investments
20 from the public.

21 c. A putative class action, Baker, et al. v. Metropolitan Mortgage
22 & Securities Co., Inc., et al., Case No. CV-04-00161-HU, was filed in the
23 United States District Court for the District of Oregon on February 4, 2004
24 (hereinafter the “Baker Class Action”). The Complaint is entitled “Class
25 Action Allegation Complaint -- Violation of Federal Securities Laws, State
26 Securities Laws, Negligence, and Unfair Business Practice. The Baker
27 Class Action seeks the following relief against the Debtors, certain current
28

1 and former directors and/or officers of the Debtors, and Ernst & Young
2 LLP: 1) class action certification for the period March 1, 1999 through
3 December 15, 2003; 2) compensatory damages or, in the alternative,
4 rescission; 3) pre-judgment and post-judgment interest as well as
5 reasonable attorneys' fees, expert witness fees and other costs of litigation;
6 and 4) extraordinary, equitable, declaratory and/or injunctive relief as
7 permitted by law, equity, federal statute, and any other appropriate state law
8 remedies.

9 d. Baker, et al. v. Metropolitan Mortgage & Securities Co., Inc.,
10 et al., Case No. 0312-13942, was filed in the Circuit Court of the State of
11 Oregon for the County of Multnomah, on December 31, 2003 (the "Baker
12 Action"). The Complaint is entitled "Complaint (Securities Violations;
13 Negligence; Elder Abuse)" and seeks the following relief against PJM and
14 Associates, Inc. ("PJM"), William E. Sears, P.J. Sears-Million, and certain
15 current or former officers and directors of the Debtors: 1) money judgment
16 of approximately \$139,000 plus prejudgment interest to Antonia Baker; 2)
17 money judgment of approximately \$20,430 plus prejudgment interest to the
18 Antonia M. Baker Revocable Living Trust; 3) money judgment of
19 approximately \$175,500 plus prejudgment interest to the Henry G. Baker
20 Revocable Living Trust; and 4) reasonable attorneys' fees, costs and
21 disbursements.

22 e. Janet Oertli; Mary Cranston; Howard Goede and Carolyn
23 Goede, husband and wife; Lee Campbell and Anna Campbell, husband and
24 wife; Stephen Muto and Kadra Muto, husband and wife; Leland West and
25 Lois West, husband and wife; Richard Ziehnert; and Delmar Becker, v.
26 Theodore R. Meytoyer; C. Paul Sandifur, Jr.; Ron Pellegrino; Tom Turner;
27 William D. Snider; and Robert A. Ness, Superior Court, State of
28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 73 -

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1 Washington, County of Spokane No. 04204331-4 (the “Oertli Action”). The
2 Oertli Actions alleges causes of action for Violation of the Washington
3 Securities Law, RCW 21.20.430(1); Breach of Fiduciary Duty against all
4 defendants; Breach of Fiduciary Duty against defendant Meytoyer; and
5 Violation of the Washington Consumer Protection Act, RCW 19.86 et seq.
6 against all defendants.

7 f. Esther Hall; Violet Meyers; Nora Woodridge; Mabel L.
8 Meyers; Warren W. Meyers and Barbara C. Meyers, husband and wife;
9 David Hunt and Donna Hunt, husband and wife; Timothy Meyers and
10 Janelle Meyers, husband and wife; Dennis Ferguson and Sandra Ferguson,
11 husband and wife; Diane Hall; Matthew Wolohan; Deanette Hall; Tamara
12 Reddeman; John and Linda Olson, husband and wife, v. Theodore R.
13 Meytoyer; C. Paul Sandifur, Jr.; Ron Pellegrino; Tom Turner; William D.
14 Snider; and Robert A. Ness, Superior Court, State of Washington, County
15 of Stevens, No. 2004479 (the “Hall Action”). The Hall Action alleges
16 causes of action for Violation of the Washington Securities Law, RCW
17 21.20.430(1); Breach of Fiduciary Duty against all defendants; Breach of
18 Fiduciary Duty against defendant Meytoyer; and Violation of the
19 Washington Consumer Protection Act, RCW 19.86 et seq. against all
20 defendants.

21 g. Vader v. Racicot, et al., Case No. CDV-2002-057, was filed in
22 the Montana First Judicial Court, Lewis & Clark County, on January 17,
23 2002 (the “Vader Action”). The Complaint is entitled “Complaint and Jury
24 Demand” and alleges causes of action for violation of the Montana
25 Securities Act, negligent misrepresentation and constructive fraud, common
26 law bad faith, and negligent and intentional infliction of emotional distress.
27 The Complaint and Jury Demand seeks the following relief against broker
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COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 74 -

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1 Christopher Racicot, investment advisory firms Asset Advisory Group,
2 LLC and Hornor, Townsend & Kent, Inc., and Debtor MIS: 1) award for
3 amount paid for securities, interest at 10% per annum from date of
4 payment, costs and reasonable attorneys' fees, less the amount of any
5 income received on securities; 2) compensatory damages; 3) punitive
6 damages; and 4) costs and disbursements.

7 h. Old Standard Life Insurance, et al. v. Hawaii Forest
8 Preservation LLC, et al., Civil Case No. 01-1-2403-08 (Foreclosure), was
9 commenced by Old Standard Life Insurance Company and Summit
10 Securities, Inc. in the First Circuit Court of the State of Hawaii on August 7,
11 2002. The defendants have filed counterclaims against Old Standard Life
12 Insurance Company, the Debtors, C. Paul Sandifur, and other third parties,
13 and have alleged violations of securities laws.

14 i. Metropolitan Mortgage & Securities Co., Inc., Debtor and
15 Debtor-in-Possession and Summit Securities, Inc., Debtor and Debtor-in-
16 Possession, have jointly submitted to the Plaintiffs a request for
17 reimbursement under the D&O and E&O Policies of legal fees and costs in
18 the amount of \$3,139,347 which they assert were incurred in responding to
19 certain regulatory subpoenas and investigation activities.

20 j. The Trustee for the Metropolitan Investment Securities, Inc.
21 Bankruptcy Estate has advised that the Estate will request reimbursement
22 under the D&O and E&O Policies of legal fees and costs in an as yet
23 undetermined amount which he asserts were incurred in responding to
24 certain regulatory subpoenas and investigation activities.

25 k. Andronikos, et al. v. PJM and Associates, William E. Sears,
26 Patricia Jean Sears-Million and C. Paul Sandifur, Jr., NASD Dispute
27 Resolution Arbitration No. 04- 01798, was filed on or about March 17,
28

1 2004. The Statement of Claim alleges claims for deceptive sales practices,
2 violation of state securities laws, negligent misrepresentation, and other
3 claims and seeks relief including statutory damages, return of commissions
4 paid, pre and post-judgment interest, and punitive damages.

5 l. Jane and Stanley Clauson, et al. v. Irving & Associates
6 Financial Services, Robin L. Helms, Justin Irving, Metropolitan Investment
7 Securities, Inc., NASD Dispute Resolution Arbitration No. 04-01052, was
8 filed on or about February 11, 2004, for hearing in San Diego, California.
9 The Statement of Claim alleges claims for negligence, breach of fiduciary
10 duty, misrepresentation, lack of fair dealing and failure to supervise. The
11 Statement seeks the following relief: 1) award in favor of Jane and Stanley
12 Clauson, Trustees of the Clauson Family Trust of approximately \$25,000;
13 2) award in favor of Donald F. Jones in the amount of approximately
14 \$102,000; 3) interest on the amount of general damages from date of loss as
15 per proof; and 4) costs and reasonable attorney fees.

16 m. Marie Ann and David Harold Shepard v. William Edward
17 Sears, Patricia Jean Sears-Million, Cantwell Paul Sandifur, Jr. and Kovack
18 Securities, Inc., NASD Dispute Resolution Arbitration No. 04-02447, was
19 filed on or about April 7, 2004. The arbitration resulted in an award on or
20 about December 13, 2004 in the amount of \$14,494.31, plus interest at 9%
21 per annum, plus attorneys' fees of \$4,950.00 and filing fees of \$425.00.

22 n. Ronald Berning Roth IRA and Ginger Berning Roth IRA v.
23 William Edward Sears, Patricia Jean Sear-Million, Cantwell Paul Sandifur,
24 Jr. and Kovack Securities, NASD Dispute Resolution Arbitration No. 04-
25 02449.
26
27
28

1 o. Michael B. Woodward & Secure Tomorrows, Inc. v. Steve
2 Haug, Bart Brady-Cimpa & Metropolitan Investment Services, Inc., NASD
3 Dispute Resolution Arbitration No. 04-01814.

4 p. Donald P. and Helen E. Pancoast Living Trust and the Donald
5 P. Pancoast IRA v. Joyce Ann Theis, NASD Securities Arbitration No. 04-
6 00663. The claim was dismissed on or about November 17, 2004 following
7 a settlement in the amount of \$45,000 that was paid by insurers other than
8 Plaintiffs herein. The Plaintiffs may face claims for contribution from those
9 insurers. Ms. Theis seeks reimbursement of legal fees and costs incurred in
10 that proceeding from these Plaintiffs.

11 320. NASD Disciplinary Proceeding No. C3B050012 entitled
12 Department of Enforcement v. Ronald Pellegrino (CRD No. 832857), filed
13 on or about May 11, 2005. The NASD proceeding alleges “fraud and
14 unsuitable recommendations” relating to the sale of securities issued by two
15 companies affiliated with Metropolitan Investment Securities, Inc. (“MIS”):
16 Metropolitan Mortgage and Securities, Inc. and Summit Securities, Inc. The
17 NASD seeks the following remedies against Mr. Pellegrino: “an order
18 imposing sanctions upon [Pellegrino] in accordance with NASD Rule 8310;
19 an order imposing . . . costs of any proceedings . . . in accordance with
20 NASD Rule 8330 and an order imposing any other fitting sanction.”
21 Additionally, the NASD seeks to obtain findings of facts that Mr. Pellegrino
22 committed the securities violations as charged in the Complaint.

23 321. In addition, the following non-securities related actions and
24 claims, which specifically involve Employment Practices Claims, have
25 been made under the AISLIC E&O Policy and /or the National Union D&O
26 Policy:
27
28

1 a. Joanna Ellington v. Cantwell Paul Sandifur, Jr., Old Standard
2 Life Insurance Company, Inc., Jaguar Ventures, Inc., Superior Court of the
3 State of Washington at Spokane, Case No. 03-208144-7.

4 b. Gregory Weed and Pamela Weed v. Cantwell Paul Sandifur,
5 Jr. and Helen Sandifur, Metropolitan Mortgage & Securities Co., Inc.,
6 Summit Securities, Inc., Old Standard Life Insurance Co., Inc., Superior
7 Court of the State of Washington at Spokane, Case No. 03-2-08145-5.

8 c. Thomas Masters v. Cantwell Paul Sandifur, Jr., Metropolitan
9 Mortgage & Securities Co., Inc., Summit Property Development, Inc.,
10 Superior Court of the State of Washington at Spokane, Case No. 03-2-
11 02184-3.

12 d. Thomas Masters v. Cantwell Paul Sandifur, Jr., Old Standard
13 Life Insurance Company, Inc., Western United Life Assurance Co., Inc.,
14 Superior Court of the State of Washington at Spokane, Case No. 04-2-
15 02809-9.

16 e. Cynthia MacGeagh v. Philip Sandifur and Shelly Sandifur,
17 Cantwell Paul Sandifur, Jr. and Helen Sandifur, Metropolitan Mortgage &
18 Securities Co., Inc., Summit Securities, Inc., Jaguar Ventures, Inc., Superior
19 Court of the State of Washington at Spokane, Case No. 03-2-07989-2.

20 322. Legal fees and costs incurred to date in the defense of these
21 various litigations approaches \$2 million. Of that amount, National Union
22 has paid \$722,131.87 and AISLIC has paid \$119,293.08. These payments
23 directly reduce the available limits of liability under the respective Policies.
24 As a consequence, the remaining liability limits under the National Union
25 Policy have been reduced to nine million, two hundred seventy-seven
26 thousand, eight hundred sixty-eight dollars and thirteen cents
27 (\$9,277,868.13) and the remaining liability limits under the AISLIC Policy,
28

COMPLAINT FOR INTERPLEADER
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1 by operation of the “tie-in endorsement”, Policy Endorsement No. 5, have
2 been reduced to four million, eight hundred eighty thousand, seven hundred
3 six dollars and ninety-two cents (\$4,880,706.92).

4 323. In addition, the Plaintiffs have been put on notice of many
5 additional claims and potential claims against the Insured Defendants that
6 have not yet resulted in individual suits or NASD proceedings but which
7 yet may ripen into formal proceedings against the Insured Defendants for
8 which they may seek coverage under the Policies

9 **V.**

10 **CLAIMS FOR RELIEF**

11 **First Cause of Action**

12 **(Interpleader as Against All Defendants)**

13 324. Plaintiffs hereby incorporate by this reference each and every
14 allegation of the preceding paragraphs as though fully set forth herein.

15 325. As described more fully below, the Plaintiffs are insurance
16 carriers who issued directors and officers and financial institutions
17 professional liability insurance policies (collectively, the “Policies”) under
18 which the Metropolitan Defendants, certain of their Directors and Officers,
19 and others have sought insurance coverage in connection with numerous
20 claims, lawsuits and other matters pending in various federal and state
21 courts for which there may or may not be insurance coverage under the
22 Policies. The Insurers have been apprised of and/or have participated in
23 certain discussions and have received letters and demands which have led
24 them to reasonably believe that the various claims and demands made
25 against the Insureds under the Policies will exhaust the total uneroded limits
26 of liability of the Policies without providing for releases of liability for all
27 potentially implicated Insureds in all of the pending claims. Furthermore,
28

1 in the face of conflicting and competing demands for payments of defense
2 costs as well as settlements, offers and opportunities, the Insurers are unable
3 to determine which of their Insureds are entitled to the proceeds and limits
4 of the Policies. The Insurers therefore bring this Interpleader (the
5 “Interpleader Action”) against all of the Insureds under the Policies. The
6 Insurers stand neutral as to the Insureds with respect to the appropriate use
7 of the limits of liability of the Policies.

8 326. The Insureds have submitted claims for coverage under the
9 Policies for loss and reimbursement of defense costs incurred in connection
10 with various claims. On information and belief, they include, but are not
11 limited to, numerous class action and individual lawsuits, NASD arbitration
12 claims, investigations by the Securities and Exchange Commission and
13 other regulatory agencies and other claims and potential claims of which the
14 Insurers have received notice but which have not yet proceeded to litigation
15 (collectively, the “Underlying Litigations”).

16 327. The Insurers have been advised of preliminary pretrial
17 settlements and settlement demands for Claims against some, but not all,
18 Insureds named in Underlying Litigations, which would require more than
19 the remaining limits of liability of the Policies to fund.

20 328. In addition to the various proposed settlements and settlement
21 demands about which the Insurers have been notified, the remaining,
22 uneroded limits of liability are being exhausted through the payment of
23 substantial, ongoing defense costs in the Underlying Litigations.

24 329. The Insurers do not have sufficient uneroded limits of liability
25 remaining to fund all of the settlements about which they have received
26 notice. Additionally, if the various settlements and settlement demands
27 about which the Insurers have received notice were funded, even in part, the
28

1 non-settling Insureds would be left uninsured for the defense costs and
2 losses incurred by virtue of the other Underlying Litigations, potentially
3 subjecting the Insurers to claims that the Policies' limits were improperly
4 paid for the benefit of some insureds, but not others.

5 330. Based upon communications among representatives of the
6 Insurers and representatives of certain of the Defendants, Insurers, upon
7 information and belief, allege that the demands for coverage under the
8 Policies are in excess of the uneroded limits of liability of the Policies.

9 331. Because of the conflicting and competing settlement demands,
10 offers and opportunities; the demands for defense costs; and the total
11 amount of the claims made against the Insureds which exceed the uneroded
12 policy limits of the Policies, the Insurers (a) cannot reasonably determine
13 which Insureds are entitled to what portion of the uneroded limits of
14 liability of the Policies and (b) should not be compelled to run the risk of
15 determining which Insureds should receive payment under the Policies for
16 losses they allege to have sustained as a result of the Claims for which they
17 seek coverage.

18 332. The Insurers believe that payment to any one of the Insureds
19 under the Policies will lead to multiple claims brought by other Insureds
20 making a demand for payment of the remaining limits of liability of the
21 Policies. Thus, any attempt by the Insurers to make payments for any one
22 of the claims, or to any one of the Insureds, is likely to lead to vexatious
23 and multiple litigations.

24 333. The Insurers will be subject to multiple or vexatious claims,
25 inconsistent judgments, and will be prejudiced in the premises, and
26 subjected to numerous suits, the outcome of which will not be properly
27

1 determinative of the manner in which the limited fund of the Insurers
2 should be apportioned among the several claimants.

3 334. The Insurers stand neutral as to the appropriate use of the
4 Policies' limits of liability to resolve covered claims against the Insureds,
5 and seek to be discharged from all obligations under or relating to the
6 Policies.

7 335. The Insurers hereby offer to deliver the uneroded limits of
8 liability of the Policies to such person or persons as the Court may direct.
9

10 **SECOND CAUSE OF ACTION**

11 **(Declaratory Relief as Against All Defendants)**

12 336. Plaintiffs hereby incorporate by this reference each and every
13 allegation of the preceding paragraphs as though fully set forth herein.
14

15 **E&O Policy Disputes**

16 337. Actual controversies have arisen and now exist between
17 AISLIC and Defendants relative to their respective rights and duties with
18 respect to the availability of coverage for claims made against the Insureds
19 under the E&O Policy.

20 338. AISLIC Policy Endorsements 6 and 7 amend the definition of
21 "Insured" to include certain registered representatives who perform
22 professional services on behalf of Metropolitan to provide coverage for the
23 registered representatives. Pursuant to Endorsements 6 and 7 the Aggregate
24 Loss payable under the E&O Policy for all Claims involving an insured
25 registered representative is two million dollars (\$2,000,000).

26 339. Endorsement No. 6 in the AISLIC Policy adds the following to
27 the definition of "Insured":
28

(3) any individual who is registered with the National Association of Securities Dealers, Inc., including a registered principal, and who for compensation engages in the business of rendering professional services on behalf of Metropolitan Mortgage & Securities, Inc.

340. Endorsement No. 6 also amends the applicable deductible to “\$2,500 Deductible each Wrongful Act or series of continuous, repeated or interrelated Wrongful Acts.” This endorsement also includes the following language:

The Deductible shall apply to the individual Insureds when Claim is made against only one or more individual Insureds and not against any of the entity Insureds and the entity Insureds and their affiliates have not indemnified and are neither permitted nor required to indemnify the individual Insureds ...

Endorsement 7 provides that coverage afforded to the registered representative insureds pursuant to Endorsements 6 and 7 is limited to Two Million Dollars (\$2,000,000) in the aggregate for all Loss, including Defense Costs.

ENDORSEMENT # 7

This endorsement, effective 12:01 AM July 29, 2003 forms a part of policy number 281-42-69 issued to METROPOLITAN MORTGAGE & SECURITIES CO., INC.

by American International Specialty Lines Insurance Company

REGISTERED REP COVERAGE

In consideration of the premium charged, it is hereby understood and agreed that with respect to the coverage provided by this endorsement only, coverage is extended to the registered representatives of the Insured, including Metropolitan Investment Securities, Inc. and affiliated company of Metropolitan Mortgage &

1 Securities, (sic) Co., Inc. (per Endorsement #6
2 attached herein) for the following activities
3 whether or not on behalf of Metropolitan
4 Investment Securities, Inc.:

- 5 1. licensed agent who are engaging in the
6 purchase or sale of life, accident and health or
7 disability insurance;
- 8 2. providing brokerage services for Individual
9 Retirement Accounts, Keogh Retirement
10 Plans and employee benefit plans (other than
11 multiple employer welfare arrangements);
- 12 3. services performed as a registered investment
13 advisor (on file with Metropolitan Mortgage
14 and Securities Co, Inc.);
- 15 4. recommendation of certificates of deposits
16 regardless of whether or not for a fee or
17 commission;
- 18 5. sale of no load mutual funds and fixed
19 annuities;
- 20 6. referral services for Metropolitan Mortgage
21 and Securities Co, Inc. customers to
22 Investment Advisory Firms registered with
23 the SEC per the approved list maintained by
24 for Metropolitan Mortgage and Securities Co,
25 Inc.

26 Furthermore, it is understood and agreed that with
27 respect to the aforementioned endorsement, Items
28 3 and 4, LIMIT OF LIABILITY and
RETENTION, of the DECLARATIONS are
hereby amended to read as follows:

ITEM 3.	LIMIT OF LIABILITY:
\$2,000,000	aggregate for all Loss

(including Defense Costs)

ITEM 4. RETENTION AND
COINSURANCE

(for Loss arising from Claims
alleging the same
Wrongful Act or related Wrongful
Acts)

Judgments, Settlements and Defense
Costs (non-Indemnifiable Loss) None

Judgments, Settlements and Defense Costs
(Indemnifiable Loss):

A. \$500,000 Retention Amount, plus 0%
Coinsurance

Subject to a maximum of

\$500,000

B. \$500,000 Retention Amount (no
Coinsurance)

ALL OTHER TERMS, CONDITIONS AND
EXCLUSIONS REMAIN UNCHANGED.

341. AISLIC requests a declaration from this Court that the aggregate limit of liability under AISLIC Policy No. 281-42-69 for all Loss, including Defense Costs, for all Claims involving an insured registered representative is two million dollars (\$2,000,000).

342. AISLIC and National Union request a declaration that the combined Loss payable under both Policies is limited to fifteen million dollars (\$15,000,000) pursuant to AISLIC Policy Endorsement No. 5, which provides that “the combined Limit of Liability provided by this policy and the Scheduled Policies [National Union D&O Policy No. 263-38-69] shall not exceed \$15,000,000.” (Brackets added).

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PRAYER

WHEREFORE, Plaintiffs request that the Court enter judgment in their favor and against Defendants as follows:

First Cause Of Action

1. An order requiring all Defendants to interplead and litigate between themselves their rights to the proceeds of the Insurance Policies;

2. A judgment discharging Plaintiffs from any liability to Defendants and future claimants;

3. An order restraining Defendants from instituting or further prosecuting any other proceedings in any court affecting the rights and obligations as between the parties to the Insurance Policies until further notice of the Court;

4. A judgment declaring that Plaintiffs are exonerated from any future claims upon deposit with the Court of the remaining policy proceeds in the amount of \$14,158,575.05, consisting of \$9,277,868.13 under the National Union D&O Policy and \$4,880,706.92 under the AISLIC E&O Policy.

Second Cause of Action

5. A Declaration that the aggregate limit of liability under National Union Policy No. 263-38-69 for all Loss, including Defense Costs, for all Claims is ten million dollars (\$10,000,000).

6. A Declaration that the aggregate limit of liability under AISLIC Policy No. 281-42-69 for all Loss, including Defense Costs, for all Claims involving an insured registered representative is two million dollars (\$2,000,000).

7. A Declaration that AISLIC may recover three million dollars (\$3,000,000.00) from the amount that it has deposited with the Court.

28

COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 86 -

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1 8. A Declaration that the maximum combined Loss payable under
2 both National Union Policy No. 263-38-69 and AISLIC Policy No. 281-42-
3 69 is limited to fifteen million dollars (\$15,000,000) pursuant to AISLIC
4 Policy Endorsement No. 5.

5 **As To All Causes of Action**

6 9. That Plaintiffs be awarded costs and reasonable attorney fees to
7 be determined by the Court;

8 10. For such other and further relief as the Court may deem just and
9 proper.
10

11 DATED: July 22, 2005

COZEN O'CONNOR

13 s/ Craig H. Bennion

14 Thomas M. Jones
15 WSBA No. 13141
16 Craig H. Bennion
17 WSBA No. 11646

18 Attorneys for Plaintiffs NATIONAL
19 UNION FIRE INSURANCE
20 COMPANY OF PITTSBURGH, PA.
21 and AMERICAN INTERNATIONAL
22 SPECIALTY LINES INSURANCE
23 COMPANY
24
25
26
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1 **Certificate of Service**

2 I hereby certify that on July 22, 2005, I electronically filed the
3 foregoing with the Clerk of the Court using the CM/ECF System which will
4 send notification of such filing of the following **COMPLAINT BY**
5 **NATIONAL UNION FIRE INSURANCE COMPANY OF**
6 **PITTSBURGH, PA. & AMERICAN INTERNATIONAL SPECIALTY**
7 **LINES INSURANCE COMPANY FOR INTERPLEADER AND FOR**
8 **DECLARATORY RELIEF.**

9 *s/ Craig H. Bennion*

10 Craig H. Bennion, WSBA No. 11646
11 Attorneys for Plaintiffs NATIONAL
12 UNION FIRE INSURANCE
13 COMPANY OF PITTSBURGH, PA.
14 and AMERICAN INTERNATIONAL
15 SPECIALTY LINES INSURANCE
16 COMPANY
17 Cozen O'Connor
18 1201 3rd Avenue Suite 5200
19 Seattle, WA 98101
20 (206) 340-1000
21 (206) 621-8783 fax
22 cbennion@cozen.com

23
24
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27
28 **COMPLAINT FOR INTERPLEADER
AND DECLARATORY RELIEF- 88 -**

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